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NTREPRENEURIAL MINDSET AND PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN MAKURDI METROPOLIS, BENUE STATE-NIGERIA

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ABSTRACT

Many studies indicates that entrepreneurial mindset is a critical factor in the accumulation, evaluation and selection of the knowledge which can lead an individual into potential business opportunities thereby enhancing entrepreneurial outcomes such as firm performance. This study examined the effect of entrepreneurial mindset on the performance of small and medium scale enterprises in Benue State. The focus of the research was to measure the entrepreneurs' mindset exhibited through innovativeness, creativity, business alertness and risk taking and how these attributes contributed to the performance of SMEs. The research focused on a population of 650 small and medium scale enterprises based in Makurdi metropolis. A questionnaire was used to collect data from a sample of 250 SMEs in Makurdi metropolis which were selected through stratified random sampling method. Collected data were analyzed using descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS). Correlation and multiple regression analysis were employed to analyse the data and test the hypotheses. The study revealed that innovativeness, creativity, business alertness and risk taking were significant in affecting performance of SMEs. The study concluded that entrepreneurial mindset or lack of it has a major effect on SMEs performance and if any economy is bended towards development and growth, it would have to embrace this concept. It recommended that all the policy makers and all stake holders should re-strategize and create forums that can promote entrepreneurial mindset among the existing and potential entrepreneurs.

KeyWords: Entrepreneurial Mindset; Small And Medium Scale Enterprises; Innovativeness; Creativity; Business Alertness; Risk Taking.

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INTRODUCTION

World over, there has been a general realization that entrepreneurship is at the center of high and stable economic growth that constitutes and sustain prosperity. Any economy that is capable of increasing and propelling its entrepreneurial activities to perform well is more likely to experience high economic development unlike those economies whose similar activities are decreasing or are stagnant. Entrepreneurship has long been acknowledged as an important growth strategy for sustaining the country's economic growth (Israel & Johnmark, 2014), particularly in career perspectives and business opportunities which generate profits (Othaman, Ghazali & Cheng, 2005; Gurol & Atsan, 2006).

The growth and development of an economy propelled by increased and improved entrepreneurial activities spells better living standards for its citizen. Recently researchers have postulated that a focus on the role of entrepreneurial mindset has the potential to contribute significantly to the study of entrepreneurship (Kirzner, 1997; McGrath & MacMillan, 2000). This results to creation of employment, increased wealth creation, expanded market, variety of goods and services and high quality goods and services. It is therefore the intent of all stakeholders likes the government, investors and the society at large to promote entrepreneurial activities and encourage individual with entrepreneurial mindset to excel in their businesses and increase these activities (Njeru, 2012).

Generally, majority of investors in developing countries initiate small and medium enterprises. The "small enterprises" employ from 11 to 50 workers, and "medium enterprises" are able to engage from 51 to 100 workers. Although these categories of firms are not as many as the "micro enterprises" which employ up to 10 workers, their continued emergence will definitely be a prerequisite for any enduring industrialization (Njeru, 2012). In developing economies such as Nigeria, one of the biggest problem is to propel people unleash the entrepreneurial mindset in their business endeavour and avoid the common practice of duplicating products found among many traders.

The mindset of the entrepreneur determines the business success in today's competitive market.

Entrepreneurship refers to the ability to recognize or create an opportunity and take action aimed at realizing the innovative knowledge practice or product. It does not aim at the realization of monetary profit, but focuses on opportunities with the goal to improve the production (Brown & Ulijn, 2004).

Entrepreneurship is in turn propelled by individuals (entrepreneurs) who possess an entrepreneurial mindset. Entrepreneurial mindset is simply defined as the feelings and the belief of a particular ability to think out of the box (Lackéus, 2016). According to by Hisrich, Michael and Shepherd (2008) building entrepreneurial mindsets consists of five dimensions that include: (1) Orientation on goals, (2) knowledge of Metacognition, (3) the experience of Metacognition, (4) selection of Metacognition and (5) Monitoring.

Njeru (2012) explains that entrepreneurial mindset manifests through innovation, creativity, business alertness and risk taking. Entrepreneurial innovativeness portrays organizational willingness and a tendency to achieve the desired innovation demonstrated in terms of behaviors, strategies, activities and processes. Empirical research and surveys of business activities show that innovation leads to new products and services, better quality, and lower prices. Businesses that have a strong track record of successful innovation also tend to enjoy significant competitive advantages and increased enterprise value. Creativity in an entrepreneur is critical for it result in three exhibits. These are; knowledge, which refers to having relevant understanding an individual brings to bear on a creative effort, creative thinking which shows how people approach problems and depends on personality and thinking style and finally motivation acting on an intrinsic passion that drives one to perform better. Business alertness is the capability to respond at the right time to the dynamics of the environment. This is critical in creating a competitive edge in a very fast changing market. The extent to which an entrepreneur exhibits

these three attributes determines whether an individual has entrepreneurial mindset or not and that is what makes a difference in business performance (Njeru, 2012; Lackeus, 2016). According to Dhliwayo and Vuuren, (2007) risk taking is an important element of the strategic entrepreneurial mindset. This is because risk-taking is essential for the success and growth of a business, which is based on how entrepreneurs perceive and manage the risks in their environment.

Statement of the Problem

In the past the government and many financial institutions have made enormous efforts through variety of financial and non-financial programmes to assist small and medium enterprises. In Benue State, the small and medium enterprises occupy a majority of the working population and their contributions are enormous. In recognition of the contributions made by the entrepreneurs, the government, investors, the financial institutions and the society at large have fronted many financial and non-financial programmes to propel the small and medium enterprises to better performance (Umoh, 1999; Adegbite & Abereijo, 2014).

Irrespective of all these efforts offered indiscriminately, majority of the enterprises continue to perform far below expectation while a number have been able to perform exemplary well. This is a clear indication that what really drives small and medium enterprises to better performance may be more than just the financial and non-financial programmes but the mindset of the individual entrepreneur at the helm of the particular enterprise.

Observations have also shown that many businesses stagnate while others show remarkable performance in terms productivity, profitability, or expanded market size. These variations in performance of majority of small and medium scale businesses in Benue State triggers the need to investigate the role of entrepreneurial mindset of entrepreneurs manifested through innovativeness, creativity, ability to recognize business opportunity (business alertness) and risk taking. Hence, this study is carried out to examine the effect of

entrepreneurial mindset on the performance of small and medium scale enterprises in Benue State, Nigeria. To achieve this objective, the following research questions will be addressed: **What is the effect of innovativeness on the performance of small and medium scale enterprises in Benue State?** What is the relationship between creativity and the performance of small and medium scale enterprises in Benue State? **What is the effect of business alertness on the performance of small and medium scale enterprises in Benue State?**

What is the effect of risk taking on the performance of small and medium scale enterprises in Benue State? To provide answers to the above questions, this paper is organized as follows: section two is a review of the extant literature which covers the concepts of entrepreneurial mindset and business performance. Section three focused on the methodology which explains the research methods used in the study. This is followed by a report and discussion of findings and conclusions, recommendations and avenues for future research are presented in the last section.

LITERATURE REVIEW Entrepreneurial Mindset

In view of the multidisciplinary nature of prior research, there are varying definitions of entrepreneurial mindset and it is problematic to determine an exact meaning of entrepreneurial mindset. Entrepreneurial mindset is simply defined as the feelings and the belief of a particular ability to think out of the box (Leeds & Lackeus,, 2013; Lackeus, 2016). Scholars have described the entrepreneurial mindset as that ability to repeatedly initiate new product or service ideas, reconverting all resources into new uses, bringing new ideas from many sources. Ideas must be generated, resources assembled, the new product or services produced and delivered to users (Lackeus & Williams, 2015, Lackeus, 2016). In this study, entrepreneurial mindset is considered a holistic perception of generating novel ideas, evaluating opportunities and risks, or starting and running a business, whereby an individual internally assesses his or her perceptions based on holistic rather than

functional attributes. An entrepreneurial mindset indicates a way of thinking about business and its opportunities that capture the benefits of uncertainty (Dhliwayo and Vuuren, 2007). According to Senges (2007), it portrays the innovative and energetic search for opportunities and facilitates actions aimed at exploiting opportunities. Establishing an entrepreneurial mindset is important to sustain the competitiveness of economic organizations and the socioeconomic lifestyle of the population through value and job creation. This importance is portrayed in the sense it enables supporters of new ideas to establish organizations with new valuable ideas, which are resourced and developed in an encouraging and enabling culture (Thompson, 2004).

An enterprising mindset is about having a way of thinking, which sees opportunities, rather than barrier, that sees possibilities rather than failure and wants to do something to make a difference rather than sit and complain about the problems (Susilo, 2014). McGrath and MacMillan (2000), further assert that individuals/small and medium enterprise (SMEs) owners capture these benefits in their search and attempts to exploit high potential opportunities commonly associated with uncertain business environments.

The inability of SMEs to either create more job opportunities or grow is because of the perceived "mindset" of its owners-identified as one of the major causes of SMEs failure rates (Nieman, 2006). Entrepreneurs/individuals with an entrepreneurial mindset see needs, problems and challenges as opportunities and develop innovative ways to deal with the challenges, exploit and merge opportunities (Eno-Obong, 2006). McGrath and MacMillan (2000) argue that, possession of an entrepreneurial mindset is a primary way individuals can successfully move forward in an entrepreneurial process. Dhliwayo and Vuuren, (2007) emphasize that an entrepreneurial mindset is an important success factor for SMEs without which a business will fail. Morris and Kuratko (2002), also argue that the current business environment needs an entrepreneurial mindset that must unlearn traditional management principles in order to minimize the high failure rates of SMEs. This particular argument opens individuals/SMEs to

modern styles of consciousness and securing them a place in modern business world (Spinoza *et al.* 1997). Also important is the fact that SME owners need to develop "creative mindsets" that will help them create new ideas and bring them to the market in an appropriate way that can create value for an external audience (Faltin, 2007). McGrath and MacMillan (2000) identify some characteristics of the entrepreneurial mindset to include: passionately seeking new opportunities; pursuing opportunities with enormous discipline; pursuing only the very best opportunities; focusing on execution; and engaging everyone's energy in their domain.

SMEs Performance

Business performance is of key interest for the top management of a company. If business performance is weak, managers need to intervene in order to return to the path of growth. Especially in a market in which competition is increasing and globalization demands for better competitiveness, business leaders need to pay close attention to business performance. All business processes eventually revolve around the target of contributing to the success of the company in one way or another.

Business success indicates the level of achievement and how much the small business is near or far from its target. Business success can be measured based on many different dimensions such sales growth, capital, increase in employment, increase in production line and others. According to Barney (1991) performance is a continuous process to controversial issue between organizational researchers. Organizational performance does not only mean to define problem but it also for solution of problem (Hefferman & Flood, 2000). Daft (2000), said that organizational performance is the organization's capability to accomplish its goals effectively and efficiently using resources. As similar to Daft (2000), Richardo and Wade (2001) said that achieving organizational goals and objectives is known as organizational performance. Richardo and Wade (2001) suggested that organizations success shows high return on equity and this become possible due to establishment of good employees performance management system. Performances are variously measured and the perspective are tied together

and consistently monitored from the organization context (Jasra *et al.* 2011). Tanveer *et al.* (2013) defined the dimensions of performance measurement as: growth, profit, size, liquidity, success/failure and others. Ndesaulwa (2016) defines organizational performance as a systematic process for improving functioning of organizations by developing the performance of individuals and teams. Organizational performance comprises the actual output or results of an organization measured against its intended outputs (organizational goals and objectives).

Zairi (1994) also categorised performance measurement into four, namely: (1) Profit which include: return on assets, return on investment and return on sales (2) Growth in term of: sales, market share and wealth creation (3) Stakeholder satisfaction which include customer satisfaction and employees satisfaction and (4) competitive position which include: overall competitive position and success rate in launching new product. According to Sirilli (2004), performance of small enterprises is viewed as their ability to contribute to job and wealth creation through enterprises start-up, survival and growth. However, in measuring firm performance, different concepts are used to include sales per employee, export per employee, growth rates of sales, total assets, total employment, operation profit ratio and return on investment. In the end, all the innovative activities of the firm must result in better firm performance compared to companies that do not innovate. In this stance the performance in this context is also measured in similar ways in assessing the impact of innovation activities on SMEs performance.

Entrepreneurial Mindset Dimensions Innovativeness

Innovation is defined as the introduction of new things, ideas, or ways of doing things/something, which is yet to be carried out by anyone or that is unique. Innovation is described as the introduction of new or improved processes, products or services based on new scientific or technology knowledge and/or organizational know-how (Rebound,

2008). Innovation is the successful implementation of novel ideas within an organization. Innovation can be viewed as a novel idea that has been implemented and generally accepted which makes an organization unique or produce a unique product or services.

Namusonge *et al.* (2016) stated that innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. Innovativeness is an organization's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products. In its original sense, innovativeness can be defined as the degree to which an individual or other entity is relatively earlier in adopting new ideas than the other members of a system (Adegbite & Abereijo, 2014). Similarly it is the tendency to support new ideas, experimentation and creative processes (Lumpkin & Dess, 2001).

According to Heye (2006), innovation can be defined as the implementation or transformation of a new idea into a product, service, or an improvement in organization or process. It is a process of continuous renewal involving the entire, enterprise and is an essential part of business strategy. Zairi (1994) confirmed that innovation is the new way of delivering quality products and services to customers both consistently and with economic viability in mind. Heunks (1998) explains that an innovation is any good service or idea that is perceived by someone as new. Herink (2007) defines innovation as the successful implementation of a creation and this innovation seems to foster growth, profits and success.

Many companies today because of the competitive nature of the market are innovative bringing about new ideas and modifying existing ones into their offerings. Marnix (2006) states that there exist features that are peculiar to innovation, though some products catch on immediately, whereas others take a longer time to gain acceptance. He listed these features as relative advantage which is the degree to which innovation appears superior to existing product, compatibility which is the degree to which the innovation can go with existing product of the organization, complexity which defines the

degree to which the innovation is relatively difficult to understand, divisibility which defines the degree to which the innovation can be tried on a limited basis, and communicability which is the degree to which the beneficial results of usage are observable or describable to others. All products and services in the market must have gone through new product development process or program as a result of the fact that organization need to grow their revenue, market share and build their sales level by developing new products and expanding into new markets. In order to do these, organizations then put product innovation as well as process innovation in all they do.

Innovation can be classified into product innovation and process innovation. Product innovation refers to the new or improved product, equipment or service that is successful on the market. Process innovation involves the adoption of a new or improved manufacturing or distribution process, or a new method of social service. This is no to mean that the two types of innovations are mutually exclusive. Process innovation for instance may lead on to product innovation and product innovation may also induce innovation in processes.

Creativity

Creativity means the production of novel and useful ideas in any domain. Creativity refers to the generation of novel, useful idea, and employees' ability to create new practical ideas. It is the start point of innovation. Creativity can be defined as the creation of something new which is in turn manifested in the act of starting up and running an enterprise (Lackéus *et al.* 2015). Creativity is therefore central to entrepreneurial process. It is that capability of an entrepreneur to venture into new business, to bring new products into the market, open new offices, branches, test new technology and venture into new markets. Creativity has been viewed as the construction of ideas or products which are new and potentially useful. These ideas can be internally or externally located, although the entrepreneur will tend to search and identify potential solutions shaped in part by internal competencies (Fillis & Rentschler, 2010).

According to Amabile (1996), creativity is the production of novel and useful ideas in any

domain. She went further to state that in order to be considered creative, a product or an idea must be different from what has been done before but the product or idea cannot be merely different for difference sake, it must also be appropriate to the goal at hand, correct, valuable, or expressive of meaning. Lefton (1994, as cited by Halim and Mat, 2010), defined creativity basically as a term that implies the process of developing original, novel, and appropriate response to problems. Creativity allows the organization to take advantage of opportunities which develop as the result of changing environmental conditions. Creativity plays an important role in new product development and creativity consist three techniques: brainstorming, visual confrontation, morphological techniques (Salavou, Baitas & Lioukas, 2004). According to Umoh (1999), creativity is a process by which a symbolic domain in the culture is changed. For example, creativity involves new songs, new ideas, and new machines. He added that creativity is marked by the ability to create and bring into existence, to invest into a new enterprise and to produce through imaginative skills. In a nutshell, creativity encompasses innovation.

Business Alertness

Kirzner was the first to use the term "alertness" in explaining the entrepreneurial process of opportunity recognition (Ardichvili, Richard & Souray, 2003). Alertness is defined as a process and perspective that helps some individuals to be more aware of changes, shifts, opportunities and overlooked possibilities (Kirzner, 1997). In taking the economics perspective, Kirzner (1999) further elaborated alertness as the ability to notice, without search, opportunities that have been overlooked. More recent scholars have built and advanced our understanding of alertness involving a practice stance based on a number of cognitive capacities and processes such as prior knowledge and experiences, pattern recognition, information processing skills and social interactions (Tang *et al.* 2012). Alertness is the state of active attention by high sensory awareness such as being watchful and prompt to meet danger or emergency, or being quick to perceive and act. Kirzner, (1979), defined alertness as an

individual's ability to identify opportunities which are overlooked by others. In business alertness is defined as an individual's ability to identify opportunities which are over looked by others. It is composed of judgment aspect which focuses on evaluating the new changes, shifts and information and deciding if they would reflect a business opportunity with profit potentials or not. It involves scanning the environment, searching for information and connecting varied information after evaluating whether new information represents an opportunity (Kirzner, 1979).

Risk Taking

The concept of risk-taking has been long associated with entrepreneurship. Early definition of entrepreneurship centered on the willingness of entrepreneurs to engage in calculated business risks. Lumpkin and Dess (1996), Oscar, et al, 2013 identified venturing into the unknown as a generally accepted definition for risk taking, though may be difficult to quantify. This is because, in addition to monetary risk, it typically entails psychological and social risks (Lumpkin & Dess, 1996, Oscar *et al.* 2013).

Recent research indicates that entrepreneurs secure higher on risk-taking than do non- entrepreneurs, and are generally believed to take more risks than non-entrepreneurs because the entrepreneur faces a less structured and a more uncertain set of possibilities (Oscar, 2013). Risk taking is also perceived as tendency towards risky projects (Abratt *et al.* 1993).

Risk according to Forlani and Mullin (2000) reflects the degree of uncertainty and prospective losses associated with the outcomes, which may be gotten from a given behaviour or a set of behaviours. Dhliwayo and Vuuren, (2007) in the same light define risk taking is an important element of the strategic entrepreneurial mindset. This is because risk-taking is essential for the success and growth of a business, which is based on how entrepreneurs perceive and manage the risks in their environment.

Theoretical Framework

This study is anchored on the self-theories of intelligence developed by Dweck (1999; 2000). The theories provide insight into the psychological (motivational) processes essential for achievement. She stated that individuals hold either an entity theory of intelligence, known as a fixed mindset or an incremental theory of intelligence, known as a growth mindset. Individuals with a fixed mindset believe that one's intelligence, abilities, talents, and attributes are permanent and unchangeable. They further infer that one's ability comes from talents rather than from their slow development of skills through learning and as such give up or decline in the face of setbacks (Dweck, 2006).

According to Johnson (2009) individuals with a fixed mindset, who have low confidence, tend to adopt low performance goals, which in turn causes them to respond in a helpless characteristic manner-pattern of typical behaviours, thoughts, and feelings, when faced with challenges. Individuals with a growth mindset, on the other hand believe that one's ability and success are due to learning, that intelligence can grow and change with effort and believe in trying other approaches or seeking help when face with difficulties and tends to adopt learning goals. These individuals with either a high or a low confidence respond with a typical response pattern of thoughts, behaviours, and feelings in any situation they face by focusing on learning new ideas (Dweck, 2006; Johnson, 2009).

The reasoning behind this is because most great business leaders who have been successful had a growth mindset, since building and maintaining excellent organizations in the face of constant change requires it (Dweck, 2006).

Innovativeness and SMEs performance

Innovativeness portrays organizational willingness and a tendency to achieve the desired innovation demonstrated in terms of behaviors, strategies, activities and processes. As a consequence, innovativeness usually result in new products/services or changes in

service/product lines, developing new R&D processes, new methods of production, developing new systems/applications or introducing as well as implementing new procedures. Accordingly, the impact of organizational innovativeness on its performance depends on the degree of innovation that is being pursued. It has been argued that more substantial and radical types of innovation tend to have a significant impact on organizational overall performance, while incremental innovation seems to have a low and short term impacts because such innovation usually concentrate on minor or process improvement initiatives or activities. Given this, when there is a major disruption occurs, organizations concentrating too much on incremental innovation initiatives may find themselves less competitive and lack of sustainability (Namusonge, Muturi & Olaniran, 2016).

Innovation is an incremental emergent or radical and revolutionary change in thinking, product processes and organization.

In distinguishing between innovation and invention, Schumpeter (1934) said that invention is an idea made manifest while innovation is an idea successfully applied in practice. Applying the idea or not applying it is what makes the difference between one organization and the other. That organization that is geared towards applying the ideas is said to be innovative and hence its performance is enhanced and vice versa.

The product, service or process offered to the market must be substantially new for innovation to be seen. The goal of innovation is positive change that leads to increased productivity which is fundamental source of increase in business performance (Brown & Ulijn, 2004).

Similarly, Tidd and Bessant (2011) posit that innovation is driven by ability to see connections, spot opportunities and to take advantage of them by creating completely new possibilities through radical breakthroughs in technology that is, new drugs based on genetic manipulations, iPhones, iPods that revolutionised the communication industry. Innovation, by nature, is fundamentally about entrepreneurship. It contributes severally to the growth and development of new firms and or

new organizations. New product/service helps an organization to capture new markets and maintain existing market shares. It provides firms with competitive advantage to grow, this is not only through reduced prices, but by its ability to redesign, to repackage, to customize and improve quality of its offerings. Innovation has long been recognized as an important driver of business performance (Morris & Kuratko, 2002). Empirical research and surveys of business activities show that innovation leads to new products and services, better quality, and lower prices. These organizations define business performance by the number of innovations that have been undertaken within a specific period and the value and number of patent right procured (Othman *et al.* 2005). Innovativeness not only improves operations in an organization but also creates a clear, positive effect on the growth of business income, employment, and firm's processes and in general leads to a cost cutting system in the organization. A firm's innovativeness is said to be a critical precedent for competitive advantage.

This in turn results to superior business performance (Othman *et al.* 2005). This shows that no organization can sustain its intense of competition without a high level of innovativeness.

Ho₁: Innovativeness has no significant effect on the performance of small and medium scale enterprises in Benue State.

Creativity and SMEs performance

Entrepreneurs implement creative ideas to introduce innovative products or services, or to deliver products or services in a new, more efficient, and hence innovative way. Creation and development of new products could include upgrading an existing product or developing a totally new concept to create an original and innovative product (Hisrich *et al.* 2008).

According to Dhliwayo and Vuuren (2007), entrepreneurial mindset is about creativity, innovation and taking opportunities that leads to organisational wealth creation and success and that this type of mindset enables entrepreneurs to make realistic decisions when faced with uncertainties. Creativity is a means to unlock the entrepreneurial potential of individuals, entrepreneurs and organisations,

since new ideas and approaches are key ways on promoting an entrepreneurial culture. A study by Wu (2009) highlighted that creativity is very important for the success of the organisation. Similarly, Tanveer *et al.* (2002) in trying to examine the importance of entrepreneurial qualities amongst small business owners and non-business owners also found creativity to be one of the strongest distinguishing characteristics.

Encouraging creativity is therefore a strategic choice that firms should take into consideration, since creativity creates a significant contribution to organizational innovation.

Creating the right entrepreneurial mindset is therefore a challenge for educators and trainers, educational institutions, businesses, public authorities, and individuals. This is because the demands for entrepreneurs with the ability to see opportunities and be creative and innovative are affecting all spheres of life (Baron, 1998).

Ho₂: Creativity has no significant effect on the performance of small and medium scale enterprises in Benue State.

Business alertness and SMEs performance

Entrepreneurial alertness is defined as an individual's ability to notice opportunities that are not recognized by other people (Kirzner, 1979). The alertness has been identified as a major factor influencing the way opportunities are recognized and exploited by entrepreneurs.

In addition, it is this feature of being alert to opportunities that qualifies an actor to be an entrepreneur. Research has generally supported the efficacy of alertness for explaining economic development and predicting opportunities discovered in the entrepreneurial process. Researchers have examined alertness from two perspectives: behavioural and cognitive. The behavioural manifestation of alertness was pioneered by Israel and Johnmark (2014) where they attempted to capture differences in behaviour that can be attributed to differences in alertness. They conclude that entrepreneurs are different from executives in

terms of time spent on information search, sources of information used, and attention to risk cues. The cognitive stream of research conceptualizes entrepreneurial alertness as chronic schema activation, and investigates how the market environment is represented in the mind of the entrepreneur and whether such mental models differ from non-entrepreneurs (Garglio & Katz, 2001; Solesvik *et al.* 2013). The entrepreneurs motives, beliefs, and behaviour ultimately dictate whether an entrepreneur is highly alert or not.

This entrepreneurial capability is essential for continual success since it creates a culture of proactiveness, quick response to business environmental changes, creates a competitive advantage and enables entrepreneurs develop strategic recompense (Marnix, 2006). Amabile (1996) also asserts that entrepreneurs are alert to business opportunities existing in markets because of their skills to interpret and exploit market information.

Ho₃: Business Alertness has no significant effect on the performance of small and medium scale enterprises in Benue State.

Risk taking and SMEs performance

It is expected that firms that have better performance would also have a higher level of risk propensity (Leko-Simic & Horvat, 2006). These authors further emphasized that risk-taking propensity can be defined as a tendency to take or avoid risks and it is viewed as an individual characteristic.

The positive relationship between risk-taking propensity and risk decision making by individuals is expected to translate to organizations through top management teams.

The importance of risk taking and its influence on firm performance has been highlighted in both theoretical discussions and empirical research. At the theoretical level, the willingness to engage in relatively high levels of risk taking behavior enables SMEs to seize profitable opportunities in the face of uncertainty which leads to long term profitability (McGrath, 2001). Empirically, risk taking firms are able to secure superior growth and long term profitability in contrast to risk avoiders (Yang,

2008; Wang & Poutziouris, 2010; Ahimbisibwe & Abaho, 2013). Wahab and Ijayi (2006) also in their research found that risk-taking are positively related to performance, but the level of the relationship is not significant. Similarly, Lim (2008) risk-taking has the lowest positive influence on performance. Muhammad *et al.* (2014) also confirmed that risk-taking has positive and significant relationship with financial performance. In an attempt to improve performance, Small and Medium Enterprises are faced with decisions involving risk-taking. Risk-taking and risk management is a major concern especially for small and medium sized enterprises which are particularly sensitive to business risk and competition (Ahimbisibwe & Abaho, 2013).

Risk taking involves taking bold actions by venturing into the unknown, borrowing heavily or committing significant resources to ventures in uncertain environments (Wiklund and Shepherd, 2005; Coulthard, 2007). Coulthard, (2007) explains that risk taking has a positive effect on performance measure to a certain level; beyond that level an increase in risk has a negative effect on the performance. The environment in which a firm operates may have an effect on whether a firm takes a risk or not.

Firms operating in excessively hostile environments are discouraged from taking unnecessary risks (Zahra & Garvis, 2000) whereas firms operating in munificence environments are more likely to take risks with ready resources and favorable environment. Small and Medium Enterprises with strong entrepreneurial orientation are often characterized with high risk taking in the interest of obtaining high returns.

An Organization which assumes responsibility for a specific amount of risks signals is ready to accept consequences for the ambiguity on outcomes of future prospects (Hughes & Morgan, 2007) because firms take risks with a willingness to pursue opportunities that have a probability of producing losses or considerable performance inconsistencies. Since entrepreneurs are individuals who take calculated risk (Kuratko, Hornsby & Goldsby,

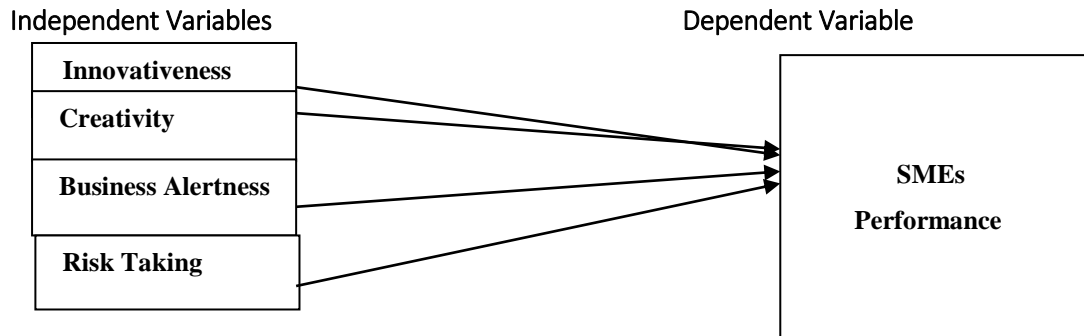
2007), firms adopting a modest level of risk-taking have considerable higher performance compared to their counterparts who assume very high or very low levels of risk-taking (Kreiser *et al.* 2002).

Meta-analysis investigating the relationship between risk-taking and performance found positive correlation between the two elements (Othman *et al.* 2005). Similarly another study in Australia found out that risk-taking which involved taking calculated risk had positive impact on firm performance, but taking risk which was considered as daring actions were considered as detrimental for firm performance (Coulthard, 2007). Risk-taking will also offer the possibility for high payoffs in munificent environments, due to heightened availability of resources in those environments.

It is likely that excessively hostile environments will discourage organizations from taking risks that they consider unnecessary and that might harm firm survival (Zahra & Garvis, 2000). These arguments are consistent with prior research claiming that even risk-taking managers would be discouraged from taking large-scale risks in extremely uncertain environments since the risk-taking would likely not be as effective (Kuratko *et al.* 2007). Organizations that do not take risks in dynamic environments will lose market share and will not be able to maintain a strong industry standing relative to more aggressive competitors (Covin and Slevin, 2001; Miller, 2003). Lim (2008) found a stronger relationship between organizational risk-taking and firm performance in dynamic environments.

According to him, organizations need to make bold, risky strategic decisions in order to cope with the constant state of change common in dynamic environments. These arguments suggest that organizational risk-taking will be more positively associated with firm performance in dynamic environments than in stable environments.

Ho₄: Risk taking has no significant effect on the performance of small and medium scale enterprises in Benue State.

Figure 1: Conceptual model of the Study.


Empirical Studies

Many studies are carried out by different authors on the relationship between entrepreneurial mindset and business performance in developed and developing countries. Pihie and Sani (2009) explored the entrepreneurial mindset of students after following an entrepreneurship education course in Malaysia.

Several teaching techniques were utilized to infuse entrepreneurial skills and behaviour among students in the university settings. A modified version of entrepreneurial directed approach as discussed in the literature was adapted to conduct the study. Data were collected using qualitative and quantitative research method. Findings indicated that the entrepreneurial directed approach had broadened students' entrepreneurial understanding, and students were able to develop the entrepreneurial skills and behaviour required for their studies.

The study recommended that entrepreneurship education in universities should consider teaching techniques that require students' to have "hands on" enterprise experience as well as to practice entrepreneurial directed approach in improving university students' entrepreneurial mindset.

Njeru (2012) investigated the effect of entrepreneurial mindset on the performance of small manufacturers in Nairobi Industrial Area. The focus of the research was to measure the entrepreneurs' mindset exhibited through innovativeness, business alertness and creativity and how these attributes contributed to the performance of a business enterprise.

The research focused on a population of 625 small and medium manufacturers based in Nairobi industrial area from whom a sample of 230 firms were selected through stratified random sampling method. A questionnaire was used to collect the data. The SPSS software was used by the researcher to run a descriptive statistical analysis and to establish the relationship between the variables. Pearson's correlation analysis was used. The study revealed that business alertness, innovativeness and creativity respectively played a great role in business performance.

The study revealed that entrepreneurial mindset or lack of it has a major effect on business performance and if any economy is bended towards development and growth, it would have to embrace this concept. The researcher recommended that all stake holders in economic development review strategies to emphasis on events, policies and programmes that promote entrepreneurial mindset to the players in the market.

Karabey (2012) investigated on entrepreneurial cognition through thinking style, entrepreneurial alertness and risk preference in Ankara, Turkey. The overall sample composed of entrepreneurs, accountants and managers. The potential differences across these professional groups are examined. A survey was conducted on 42 small and medium sized enterprises operating in Ankara. One entrepreneur, one accountant and one manager were selected as respondents from each firm. It was observed that all professional groups included in this study preferred a highly linear thinking style and there were no significant group differences across

linear, nonlinear, and balanced linear and nonlinear thinking style. On the other hand, accountants scored lower than the other groups in evaluation and judgment dimension of entrepreneurial alertness. Also it was observed that entrepreneurs, managers than expected, accountants risk preference found to be lower than expected.

Ngek (2012) carried out an exploratory study of entrepreneurial mindset in the small and medium enterprise (SME) sector in South Africa. The population for the study comprised of entrepreneurs in the SME sector in Bloemfontein area. The questionnaire, answered by 86 entrepreneurs, was designed with the aid of an entrepreneurial mindset tool and Mind Prober 3.0. The findings of the study indicated a low level of entrepreneurial mindset in South Africa. It concluded that the lack of an entrepreneurial mindset contributes to the high failure rate of SMEs in South Africa. The study recommended that entrepreneurial mindset factors should be enhanced as a means of nurturing SMEs success.

Susilo (2014) investigated on entrepreneurial mindset and factors' effect on entrepreneur's spirit in Indonesia. Quantitative research on multiple linear regression test was used with the factors as predictors effect of the successful entrepreneurial spirit using SPSS tool to test the hypotheses.

The sampling technique used exhaustive-simple random and used 59 sample in higher education in Jakarta. The results of the hypotheses tested revealed that there was no effect, but the bigger contribution for building spirit of entrepreneurship in Indonesia are; age, knowledge and evaluated.

The result of the Pearson correlation test for dimension's variables indicated significant for the benefit of finished business job dimension of entrepreneurial mindset. It recommended that the government and Indonesian people must increase entrepreneurial spirit with hard learning and working.

In another study Pihie and Arivayagan (2016) explored the significant predictors of university student's entrepreneurial mindset in Malaysia. The study employed quantitative research method to answer the research

questions. The data was gathered by using simple random sampling, which consisted of 366 university students. Findings indicated that University students have moderate level of entrepreneurial mindset and discovered that the level of self-entrepreneurial competencies was overall moderate level.

The findings also found out a high correlation between self-entrepreneurial competencies with entrepreneurial mindset, followed by regression analyses revealed that risk propensity, creativity, planning and financial literacy are the significant predictors for university student's entrepreneurial mindset.

The results from this study provide in-depth insights about university students' entrepreneurial mindset and create a delineate directions for further research and analyses. The study recommended that the university should develop creativity, critical thinking, and curiosity among university students by providing seminars and training.

METHODOLOGY

Survey Design

A survey research design was used in this study. This enabled the researcher to collect responses of SMEs owners in Makurdi metropolis, Benue State with regards to the study variables.

Population

The total population was 650 licensed SMEs established in Makurdi metropolis. The population statistics was obtained from Benue Chamber of Commerce, Industries, Mines and Agriculture (BECCIMA) and Benue State Ministry of Trade and Investment.

Sample and Sampling Technique

Stratified sampling was used to select 250 SMEs. A stratified random sample was a useful blend of randomization and categorization, which enabled both a quantitative and qualitative process of study to be undertaken.

Data Collection Instrument

The study used a structured questionnaire in data collection. The questionnaire was carefully designed and administered to the respondents. The questionnaire was designed on a four point Likert-Scale which ranged from strongly agree (4 points), agree (3 points), disagree (2 points) and strongly disagree (1 point). The items were structured to capture information on the dependent variable (SMEs performance) and the independent variables (innovativeness, creativity, business alertness and risk taking).

Validity and Reliability of Instrument

Factor analysis was used in this study to measure the validity of the instrument. Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were used to assess the construct validity of each variable in the study. At 1% level of significance, the result

shows that the data is highly significant ($p < 0.001$).

The result shows that the Kaiser- Meyer- Olkin (KMO) which measures the sample adequacy was .684 while the Bartlett's Test of Sphericity was significant (App. chi-square= 232.557, sig. = .000) which indicates the sufficient inter correlations of the factor analysis. Also, before the questionnaire was administered to the management of the selected SMEs, the researcher tested its reliability by conducting a pilot research on eighty-three ($\frac{1}{3} 250 = 83$) entrepreneurs in Makurdi town.

The Cronbach's coefficient alpha was applied on the results obtained to determine how items correlate among them in the same instrument. Cronbach's coefficient Alpha of more than 0.7 was taken as the cut off value for being acceptable which enhanced the identification of the dispensable variables and deleted variables. It is evident through the Cronbach's Alpha values that the reliability coefficients of all the study variables are high and suitable for the current study objectives.

Table 1: Cronbach's Alpha Reliability Coefficient of the Study Variables

Variables	Number of Items	Reliability Coefficient
Innovativeness	4	0.717
Creativity	3	0.892
Business Alertness	4	0.736
Risk Taking	4	0.728
SMEs Performance	6	0.851
Overall Reliability		0.785

Source: Field Survey, 2017.

Data Analysis

The study conducted initial data analysis using simple descriptive statistical measures such as, mean, standard deviation and variance to give glimpse of the general trend. However, correlation analysis was used to determine the nature of the relationship between variables at a generally accepted conventional significant level of $P=0.05$. In addition, multiple regression analysis was employed to test the hypotheses. Multiple regression analysis is applied to analyze

the relationship between a single dependent variable and several independent variables (Hair, 2005). The study also utilize variable inflation factor (VIF) to handle the issue of Multi-collinearity.

Variable/Model Specification

This study is anchored on two major variables namely; the independent variable (entrepreneurial mindset) and the dependent variable (SMEs performance). The beta (β)

coefficients for each independent variable generated from the model, was subjected to a t-test, in order to test each of the hypotheses under study. The regression model used to test is shown below:

$$PSMEs = f(EM)$$

$$y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \varepsilon$$

Where; y = SMEs Performance

α - Constant

$\beta_1, \beta_2, \beta_3$ and β_4 - Coefficient estimates.

X_1 - Innovativeness

X_2 - Creativity

X_3 - Business Alertness

X_4 - Risk-taking

ε - Error term

All the above statistical tests were analyzed using the Statistical Package for Social Sciences (SPSS), version 1. All tests were two-tailed. Significant levels were measured at 95% confidence level with significant differences recorded at $p < 0.05$.

RESULTS AND DISCUSSION

Attributes of Respondents

The distribution of respondents by gender in Table 2 revealed that 117 sampled respondents (representing 53.2 %) were males while 103 (representing 46.8 %) were females. This implies that most of the respondents were males. The result in Table 1 also shows that, 63 respondents (representing 28.6 %) were 18-27 years old, 72 respondents (representing 32.7 %)

were between 28 and 37 years while 67 respondents (representing 30.5 %) were within the age range of 38-47 years and 18 respondents (representing 8.2 %) were 48 years and above. This age distribution showed that the respondents were old enough to understand the subject matter of the research. The distribution of the respondents by educational qualification revealed that, 73 respondents (representing 33.2 %) had secondary school qualification, 101 respondents (representing 45.9 %) respondents had tertiary level qualification while 46 respondents (representing 20.9 %) had professional qualifications. This distribution of the respondents' educational qualification represents a very literate sample that can provide valid information on the subject matter under study. Finally, the result in Table 2 showed that 58 respondents (representing 26.4 %) had 1-5 years' experience, 59 (representing 26.8 %) respondents had experience between 6 and 10 years.

Also, 47 respondents (representing 21.4 %) respondents have 11-15 years business experience while 37 respondents (representing 16.8 %) had experience from 16–20 years and 19 respondents (representing 8.6 %) had experience doing business from 21 years and above. This gives a representation of people who had better understanding of the subject under study.

Table 2: Demographic Characteristics of Respondents

Attribute	Frequency	Percentage (%)
Gender		
Male	117	53.2
Female	103	46.8
Total	220	100
Age		
18-27 years	63	28.6
28-37 years	72	32.7
38-47 years	67	30.5
48 and above years	18	8.2
Total	220	100
Educational Status		
Secondary level	73	33.2
Tertiary level	101	45.9
Professional	46	20.9
Total	220	100

Experience		
1-5 Years	58	26.4
6-10 Years	59	26.8
11-15 Years	47	21.4
16-20 Years	37	16.8
21 Years and above	19	8.6
Total	220	100

Source: Field Survey, 2017.

Correlation Statistics for Linear Relationship between Variables

Pearson's measures the strength and direction of the linear relationship between variables. From the results, a significant relationship exists between the variables. Innovativeness was shown to contribute 48.7% of the change in SMEs performance as indicated by the correlation coefficient value of 0.487 which is significant at $\alpha = 0.01$. Creativity was positively correlated to SMEs performance as indicated by correlation coefficient value of

0.383 indicating that the creativity was a significant factor and contributed up to 38.3% of the change in SMEs performance. Business alertness was also shown to contribute 42.6% of the change in SMEs performance as indicated by the correlation coefficient value of 0.426 which is significant at $\alpha = 0.01$. The correlation for risk taking showed that 42.8% of the change in SMEs performance was significantly accounted for by risk taking as shown by correlation coefficient value of 0.428 (significant at $\alpha = 0.01$). This paves way for multiple regression analysis.

Table 3: Correlation Statistics for Linear Relationship between Variables

Variable	SMEs Performance	Innovativeness	Creativity	Business Alertness	Risk Taking
SMEs Performance	1				
Innovativeness	.487**	1			
Creativity	.383**	.463**	1		
Business Alertness	.426**	.359**	.345**	1	
Risk Taking	.428**	.274**	.451**	.413**	1

**Correlation is significant at the 0.01 level (2-tailed).

Multiple Regression Analysis and Hypotheses Testing

Results in table 4 showed that the VIF value for all the estimated parameters was found to be less than 4 and the tolerance values are more than 0.2 which indicate the absence of

multi-collinearity among the independent variables of the study. This implies that the variation contributed by each of the independent factors was significant independently and all the factors should be included in the prediction model.

Table 4: Multicollinearity Analysis Test for Independent Variables

Dimensions of Entrepreneurial Mindset	Multicollinearity Statistics	
	Tolerance	VIF
Innovativeness	0.708	1.413
Creativity	0.941	1.062

Business Alertness	0.640	1.562
Risk Taking	0.623	1.605

The study assessed the contribution of the independent variables on dependent variable. The findings of the study in table 5 illustrates multiple regression model had a coefficient of determination (R^2) of about 0.721. This means that 72.1% variation of SMEs performance is explained by joint contribution of innovativeness, creativity, business alertness and risk-taking. The findings are supported by ANOVA (F test) results that the model was fit or none of the parameters was equal to zero hence

significance adjusted R square ($F = 32.186, p < 0.05$). In addition, Durbin Watson test had value less than two indicating minimal autocorrelation with no effect on the study output (Watson value = 1.612). The rule of thumb was applied in the interpretation of the variance inflation factor which states that a principle with broad application that is not intended to be strictly accurate or reliable for every situation.

Table 5: Model Summary

R	R^2	Adj. R^2	Std. Error of the Estimate	Durbin Watson
.870 ^a	.721	.688	.879	1.612

- a. Predictors: (Constant), risk taking, creativity, business alertness, innovativeness
- b. Dependent Variable: SMEs performance

Table 6: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	9.186	4	10.297	32.186	
Residual	9.714	215	7.943		.000 ^b
Total	18.900	219			

- a. Dependent Variable: SMEs performance
- b. Predictors: (Constant), risk taking, creativity, business alertness, innovativeness.

Hypotheses Testing

Hypothesis one (H_{01}) estimated that innovativeness has no significant effect on SMEs performance. However, research findings showed that innovativeness had coefficients of estimate which was significant based on $\beta_1 = 0.330$ (p -value = 0.001 which is less than α 0.05) implying that we reject the null hypothesis stating that there is no significant effect of innovativeness on SMEs performance in Benue State. This indicates that for each unit increase in the positive effect of innovativeness, there is 0.330 units increase in SMEs performance. Furthermore, the effect of innovativeness was stated by the t-test value =3.500 which implies

that the standard error associated with the parameter is less than effect of the parameter.

Hypothesis two (H_{02}) stated that creativity has no significant effect on SMEs performance. Findings showed that creativity had coefficients of estimate which was significant based on $\beta_2 = 0.282$ (p -value = 0.004 which is less than α 0.05) hence we reject the null hypothesis and conclude that creativity has significant effect on SMEs performance in Benue State. This indicates that for each unit increase in the positive effect of creativity, there is 0.282 units increase in SMEs performance. Furthermore, the effect of creativity was stated by the t-test value =2.913 which implies that the

standard error associated with the parameter is less than effect of the parameter.

Hypothesis three (H0₃) stated that business alertness has no significant effect on SMEs performance. Research findings indicated that business alertness had coefficients of estimate which was significant based on $\beta_2 = 0.297$ (p-value = 0.045 which is less than $\alpha 0.05$) hence we reject the null hypothesis and conclude that creativity has significant effect on SMEs performance in Benue State. This indicates that for each unit increase in the positive effect of creativity, there is 0.203 units increase in SMEs performance. Furthermore, the effect of business alertness was stated by the t-test value =2.031 which implies that the standard error associated with the parameter is less than effect of the parameter.

Hypothesis four (H0₄) stated that risk taking has no significant effect on SMEs performance. However, findings of the study revealed that risk taking had coefficients of estimate which was significant based on $\beta_2 = 0.208$ (p-value = 0.038 which is less than $\alpha 0.05$) hence we reject the null hypothesis and conclude that risk taking has significant effect on SMEs performance in Benue State.

This indicates that for each unit increase in the positive effect of risk taking, there is 0.208 units increase in SMEs performance. Also, the effect of risk taking was stated by the t-test value =2.888 which implies that the standard error associated with the parameter is less than effect of the parameter.

Table 7: Multiple Regression Model

Variable	Coefficient	Std. Error	Beta	t-Statistics	Sig.	Tolerance	VIF
(Constant)	2.196	.578		3.797**	.215		
Innovativeness	.346	.099	.330	3.500**	.001	0.708	1.413
Creativity	.265	.091	.282	2.913**	.004	0.941	1.062
Alertness	.204	.020.297	2.031**	.045	0.640	1.562	
Risk Taking	.293	.083.208	2.888**	.038	0.623	1.605	

a. Dependent Variable: SMEs Performance

Discussion of Findings

The study assessed the relationship that exists between entrepreneurial mindset and performance of SMEs in Benue State. Objective one examined the effect of innovativeness on SMEs performance and findings of the study revealed that there is a positive relationship between innovativeness and SMEs performance in Makurdi metropolis, Benue State. Those entrepreneurs scoring high means scores on innovativeness showed high SMEs performance.

The findings of this study are in agreement Othman *et al.* (2005) who asserted that a firm's innovativeness is said to be a critical precedent for competitive advantage. This in turn results to superior business performance. This shows that no organization can sustain its intense of competition without a high level of innovativeness. Brown and Ulijn (2004) also

asserted that the goal of innovation is positive change that leads to increased productivity which is fundamental source of increase in business performance.

The second objective assessed the relationship between creativity and SMEs performance. The study revealed that those entrepreneurs scoring high mean scores on items measuring creativity also scored highly on SMEs performance.

The study revealed that creativity has positive significant effect on the performance of SMEs in Makurdi metropolis, Benue State. This finding corroborates previous studies by Wu (2009) highlighted that creativity is very important for the success of the organisation. Similarly, Tanveer *et al.* (2002) who examined the importance of entrepreneurial qualities amongst small business owners and non-

business owners also found creativity to be one of the strongest distinguishing characteristics. Objective three assessed the relationship between business alertness and SMEs performance. Business alertness is positively correlated to SMEs performance.

Findings of the study revealed a significant effect of business alertness on SMEs performance in Makurdi metropolis, Benue State. This finding agrees with Amabile (1996) who found that entrepreneurs are alert to business opportunities existing in markets because of their skills to interpret and exploit market information. A study by Wu (2009) highlighted that creativity is very important for the success of business organisations and creativity helps to unlock the entrepreneurial potential of individuals, entrepreneurs and organisations.

Similarly, Tanveer *et al.* (2002) in trying to examine the importance of entrepreneurial qualities amongst small business owners and non-business owners also found creativity to be one of the strongest distinguishing characteristics.

Lastly, the fourth objective examined the effect of risk taking on SMEs performance. The study also found out that there is a significant relationship between risk taking and SMEs performance in Makurdi metropolis, Benue State. In agreement with this finding, Coulthard (2007) found out that risk-taking which involved taking calculated risk had positive impact on firm performance. Kreiser *et al.* (2002) also found firms adopting a modest level of risk-taking having considerable higher performance compared to their counterparts who assume very high or very low levels of risk-taking, a meta-analysis by Othman *et al.* (2005) investigating the relationship between risk-taking and performance found positive correlation between the two elements.

Lim (2008) found a stronger relationship between organizational risk-taking and firm performance in dynamic environments.

Khandwalla (2007) argued that the organizational flexibility inherent in organic structures enhanced the value of risk-taking within organizations. He claimed that risk-taking managements usually seize opportunities and

make commitments of resources before fully understanding what actions need to be taken.

CONCLUSION

The purpose of this study was to explore the effect of entrepreneurial mindset on the performance of SMEs in Benue State. Entrepreneurs/individuals with an entrepreneurial mindset see needs, problems and challenges as opportunities and develop innovative ways to deal with the challenges, and exploit and merge opportunities. Acquiring an entrepreneurial mindset requires re-learning how to motivate themselves, identify business opportunities, take risk, and become creative and innovative. From the forgoing discussion, it can be concluded that entrepreneurial mindset contributed most towards SMEs performance in Benue State.

Using the four independent variables (innovativeness, creativity, business alertness and risk taking) as a measure of entrepreneurial mindset, the research found out that the entrepreneurs with high levels of each also performed better than those that had low level of these variables. This means that the entrepreneurial mindset or lacks of it have a major effect on a firm's performance.

The study concludes that in order to find a means to increase the entrepreneurial mindset of entrepreneurs, it is necessary to understand factors that link directly with entrepreneurial mindset such as; continuous education, growth mindset, creativity, motivation and risk taking propensity.

The entrepreneur must be able to always scan the environment and seek new business opportunities to stay ahead of competitors, he or she must also become very innovative to improve on processes and products to remain attractive and create customer loyalty, the entrepreneur must bring new processes and products into the market and SMEs must take modest levels of risk in order to succeed.

Recommendations

Based on findings of the study, the researcher recommends the following:

- i. Since the findings of the study revealed that those entrepreneurs rating high on

- innovation also perform better, it is recommended that the policy makers and all stake holders re-strategize and create forums that can boost innovativeness among the existing and potential entrepreneurs.
- ii. It is also recommended that government should recognize and reward any creativity displayed by entrepreneurs and create forums that can challenge entrepreneurs to be more creative. Government should also develop creativity, critical thinking, and curiosity among entrepreneurs by providing seminars and training.
 - iii. Seminars should be organized for entrepreneurs in Benue State to encourage entrepreneurs identify business opportunities. The manufacturers association being the body in so much contact with manufacturers should organized programme awareness forums, exhibitions and use networks to pass new information to their members and and reward entrepreneurs for their new business ideas. Owners of small and medium scale enterprises should not be intimidated by the high risks involved in doing business and invest more resources in order to make profits.

Suggestions for Further Studies

This study was carried out to examine the relationship between the entrepreneurial mindset and Small and Medium Scale Enterprises performance in Makurdi town. The study only focused on selected SMEs within Makurdi metropolis hence it is limited in scope and the findings cannot be generalized to other towns or sectors. To augment the research finding of this study, the study recommends that another research be done on a wider geographical area. Furthermore, conducting a replication study in other industries is also needed; for example in the educational sector. Although the research has revealed that the entrepreneurial mindset extensively affect the business performance, it's not clear how the entrepreneur acquires such mindset. Could it be an inherent trait or could it be environmentally acquired and this should be an area for further research. The role of government policies in areas of training and its

effect on business performance should be investigated as its impact on creating entrepreneurial mindset could be an option in Nigeria.

Although the study revealed that entrepreneurial mindset significantly relate to the performance of small and medium scale enterprises, there is no evidence that business performance is entirely dependent on the three independent variables. As such further research need to be carried out to establish what other factors contribute significantly to the SMEs performance.

Practical Implications of Findings

The findings from this study are essential for practical reasons as business owners and entrepreneurs are expected to evaluate and explore business opportunities in seeking their career path by developing self-competencies and entrepreneurial mindset. This study contributes to an evolving body of literature on the effect of entrepreneurial mindset on the performance of small and medium scale enterprises. The insights are meant to create an understanding to the policy makers, practitioners and other stakeholders on the need to promote entrepreneurial mindset and create the infrastructures necessary so that the manifestation of these traits through innovativeness, creativity, business alertness and risk taking can increase. The findings will challenge the entrepreneurs and business owners strategize to promote the entrepreneurial mindset in their organizations for good performance.

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