EFFECT OF ENTREPRENEURIAL ORIENTATION ON THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN NASARAWA STATE

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Abstract
This study aimed to investigate the effect of entrepreneurial orientation on the performance of small and medium enterprises in Nasarawa State. The study used proactiveness, risk-taking and innovativeness as independent variables and performance as dependent variable. A causal survey research design was adopted. The population of the study is 1816 registered SMEs in Nasarawa State. A sample of 361 was arrived using Yamane sample size determination formular. The questionnaire method was employed using a five-point Likert scale. The partial least square structural equation modelling (PLS-SEM) was used for the analyses of data. The findings revealed that Proactiveness has significant positive effect on SMEs performance in Nasarawa state. Risk taking has a significant positive effect on the performance of SMEs in Nasarawa state and innovativeness has a significant positive effect on the performance of SMEs in Nasarawa state. The study recommends that SMEs in Nasarawa State should conduct a thorough examination of their approach to proactiveness, taking into account the unique local nuances that characterize the business environment in the state. Also, businesses should conduct a thorough risk assessment, considering their industry, market conditions, and internal capabilities. By optimizing risk strategies based on this analysis, SMEs can strike the right balance between risk and reward, fostering sustainable growth and resilience in the dynamic business landscape of Nasarawa State. Policymaker should advocate for initiatives that promote creativity and adaptability within the local SMEs ecosystem. This could include providing resources for training programs, creating incentives for the adoption of innovative technologies, and fostering collaboration between SMEs and research institutions.
Keywords: Entrepreneurship Orientation, Proactiveness. Risk-taking, Innovativeness, SMEs Performance

INTRODUCTION

Entrepreneurial orientation (EO) is a cornerstone that dictates the success trajectory of Small and Medium Enterprises (SMEs) globally. The relationship between EO and SME performance has garnered significant scholarly attention due to its profound implications for fostering business expansion, driving innovation, and securing competitive advantages (Covin & Wales, 2019). However, this correlation is not universally consistent and is influenced by various contextual variables such as industry dynamics, market conditions, and cultural landscapes. In highly competitive industries, an aggressive EO can significantly enhance SMEs' competitiveness and innovation, while in more stable or traditional sectors, a moderate EO approach might yield better results. Additionally, cultural attitudes toward risk-taking, autonomy, and proactiveness play crucial roles in how EO translates into business outcomes.

Entrepreneurship is a powerful catalyst for economic growth and development, promoting job creation, boosting innovation, and increasing productivity. This role is particularly crucial in Nasarawa State, where SMEs are the backbone of the economy, significantly contributing to employment and overall economic production. A thorough understanding of the factors influencing SME success is essential to foster and nurture entrepreneurial endeavors in the state. By examining these drivers, policymakers and stakeholders can create a favorable environment that actively supports SME growth and success. EO encompasses the attitudes and behaviors SMEs employ to capitalize on opportunities, profoundly influencing their performance and long-term success (Dias et al., 2021). It molds SMEs' capability for innovation, market adaptability, and maintaining competitive advantages, with innovativeness, risk-taking, and proactiveness being crucial elements within the EO concept (Akomea et al., 2023; Kadarusman & Rosyafah, 2022)

Currently, the state of Small and Medium Enterprises (SMEs) in Nasarawa State is characterized by a mixed performance trajectory. While SMEs play a vital role in the local economy, contributing significantly to employment and economic production, their overall success is hampered by various challenges. Many SMEs in Nasarawa State exhibit limited growth and sustainability, often struggling with factors such as inadequate access to finance, poor infrastructure, and a lack of strategic orientation. Despite the presence of entrepreneurial orientation (EO) dimensions like innovativeness, risk-taking, and proactiveness among some businesses, these attributes are not uniformly leveraged to enhance performance. The inconsistency in the application of EO principles results in varied business outcomes, with some SMEs failing to achieve their full potential.

The desired state for SMEs in Nasarawa State involves a more robust integration of EO principles to drive business performance. By fostering an entrepreneurial culture that emphasizes proactiveness, risk-taking, and innovativeness, SMEs can achieve sustainable growth and competitive advantages. Policymakers and stakeholders should focus on creating an enabling environment that supports these EO dimensions, such as improving access to finance, enhancing infrastructure, and providing targeted training and mentorship programs. Additionally, there should be a concerted effort to tailor EO strategies to the unique cultural and market conditions of Nasarawa State, ensuring that businesses can effectively capitalize on local opportunities. Achieving this desired state will not only enhance the performance of individual SMEs but also contribute to the broader economic development of Nasarawa State.

Entrepreneurial orientation (EO) is a critical factor influencing the performance of Small and Medium-sized Enterprises (SMEs), encompassing dimensions such as proactiveness, risk-taking, and innovativeness, which are essential for SME growth and sustainability (Covin & Slevin, 1989; Wiklund & Shepherd, 2003). In Nasarawa State, Nigeria, where SMEs significantly contribute to the local economy, understanding the impact of EO on firm performance is vital. EO reflects a management focus on seeking new opportunities for firm progression in competitive environments (Alayo et al., 2019), emphasizing growth through exploratory strategic actions over exploitative ones (Kohtamäki et al., 2019; Short et al., 2018; Youssef et al. 2018). This approach enhances organizational flexibility in addressing environmental uncertainties by fostering autonomy, risk-taking, innovativeness, competitive aggressiveness, and proactiveness (Bendig et al., 2018; Sheng & Chen, 2016). Significantly, EO influences organizational outcomes like firm performance (Altinay et al., 2016; Sherperd et al., 2010; Adisa et al., 2016).

Despite the strategic importance of EO in enhancing SME performance, as highlighted by Hsiung and Tsai (2017) and Masa'deh et al. (2018), the high failure rate of SMEs in Nigeria remains a pressing concern (Adegbuyi et al., 2018). Previous research often considers EO dimensions collectively, but there is a lack of studies examining their individual and interactive effects on SME performance in Nasarawa State. To address this gap, this study aims to investigate each EO dimension independently and analyze how their combinations influence firm performance. By doing so, it seeks to provide tailored insights and recommendations for SME owners and policymakers, contributing to the reduction of SME failure rates and promoting sustainable economic growth in Nasarawa State.

Based on the forgoing, the study is guided on the following stated null hypotheses:

H_{O1}: There is no significant effect of proactiveness on the performance of SMEs in Nasarawa State.
H_{O2}: Risk-taking has no significant effect on the performance of SMEs in Nasarawa State.
H_{O3}: Innovativeness has no significant effect on the performance of SMEs in Nasarawa State.

LITERATURE REVIEW

Entrepreneurial Orientation

Entrepreneurial orientation (EO) has garnered significant attention in entrepreneurship studies, with scholars offering diverse perspectives on its definition and dimensions. Diandra and Azmy (2021) describe EO as a multidimensional construct reflecting a firm's inclination to explore and nurture new opportunities, champion innovation, and embrace calculated risks. This definition underscores a firm's openness to unexplored possibilities, enthusiasm for innovation, and readiness to venture into new

territories. Similarly, Kadarusman and Rosyafah (2022) emphasize that EO mirrors a firm's strategic stance, encompassing innovation, proactiveness, and risk-taking. Innovativeness involves generating and implementing novel ideas, proactiveness indicates a forward-looking approach to seizing opportunities ahead of competitors, and risk-taking represents a willingness to undertake calculated risks for entrepreneurial opportunities. Firms with high EO are more likely to introduce innovative products, services, or processes, thus gaining a distinctive competitive advantage.

Entrepreneurial orientation (EO) is a strategic mindset defined by a firm's approach to taking calculated risks, proactively seeking new opportunities, and continuously innovating products, processes, and business models (Wiklund & Shepherd, 2021). This orientation is essential for thriving in today's dynamic business environment, encouraging firms to adopt risk-taking behaviors, embrace change, and seize external opportunities (Kraus et al., 2020). EO reflects a commitment to creativity, exploration, and competitive advantage through innovation, competitive aggressiveness, and proactive market identification (Rauch et al., 2019). It involves strategic risk management where firms weigh rewards against setbacks, positioning themselves as industry leaders by investing in research, experimenting with new technologies, and exploring uncharted territories (Syarief, 2021). This proactive and innovative approach enables firms to adapt, pioneer in emerging markets, and influence the broader business landscape.

Proactiveness

Proactiveness, a key dimension of entrepreneurial orientation (EO), is crucial for organizations to swiftly seize opportunities and gain a competitive edge (Choi, 2022; Kreiser & Davis, 2010; Yu et al., 2019). It empowers businesses to understand customer needs, create innovative products, and effectively introduce them to the right markets (Yang, 2019). Proactive companies stay ahead of competitors and adeptly respond to changing customer preferences, establishing themselves as market leaders (Isichei et al., 2020). Within the EO framework, proactiveness is interpreted in various ways: Kreiser et al. (2010) describe it as a firm's capacity to identify, enter, and shape market opportunities, while Rauch et al. (2009) characterize proactive firms as forward-looking, strategically aligning their actions with future demands. This highlights the importance of proactiveness in anticipating and promptly addressing market changes, enabling firms to respond swiftly and maintain their competitive position.

Proactiveness extends beyond internal operations to include social networks and collaborations. Proactive firms engage in strategic social networks, leveraging relationships with external partners to access valuable insights, resources, and market information (Berraies et al., 2020; Orton et al., 2018). This proactive approach allows companies to anticipate market trends and customer desires, shaping their business environment accordingly. Proactiveness involves taking the initiative, operating with foresight about future possibilities, and exploring emerging opportunities. As a personal trait, proactiveness underscores the importance of shaping one's future outcomes by identifying opportunities, setting clear goals, and taking decisive action without external prompting (Kiss et al., 2022). In leadership, proactive leaders are more likely to identify emerging trends and challenges, enabling them to develop strategic plans and initiatives that preemptively address potential issues, making their organizations more agile and adaptable (Johnson & Brown, 2018). This proactive mindset is vital for effective leadership and personal development, empowering individuals to take control of their lives and achieve their goals with purpose and determination (Smith, 2020).

Risk-Taking

Risk-taking is a multifaceted concept involving a willingness to engage in activities or make decisions where the outcomes are uncertain, potentially leading to both gains and losses. Cohen (2016) describes it as the conscious acceptance of uncertainty, highlighting that embracing risk means venturing into uncharted territory where the odds of unfavorable outcomes may outweigh favorable ones. This acceptance is fundamental to understanding the psychology of risk-taking, as individuals consciously decide to expose themselves to uncertainty, driven by the anticipation of beneficial results. Kaplan (2018) emphasizes that risk-taking is purposeful, associated with the pursuit of specific goals or opportunities.

It is a calculated effort to achieve desired outcomes, demonstrating that risk-taking is a strategic decision aimed at capitalizing on potential benefits while acknowledging possible adverse consequences.

Mishra (2020) elaborates that risk-taking is undertaken to achieve specific objectives or rewards, stressing that it is a deliberate choice involving the conscious weighing of odds and acceptance of accompanying risks. Smith (2019) adds that risk-taking involves conscious engagement in unpredictable actions or decisions, emphasizing the necessity of confronting and embracing uncertainty for personal growth and goal achievement. Jones (2017) views risk-taking as a behavioral disposition to explore uncharted territories, integral to innovation and progress. It involves investing resources and making choices in uncertain situations, paving the way for new discoveries and advancements. In an organizational context, risk-taking significantly impacts entrepreneurial success, involving financial and strategic risks to achieve aspirations, maintain a competitive edge, and navigate dynamic markets (Dai et al., 2014; Wang et al., 2021). Effective risk management and strategic execution are essential to ensure successful outcomes in ventures driven by risk-taking.

Innovativeness

Innovativeness plays a crucial role in organizational behavior, significantly impacting entrepreneurial success and performance. It encompasses the introduction of new products, services, processes, and technologies within organizations, reflecting a firm's willingness to engage in product-market innovation and adopt a proactive approach to inventiveness (Kiss et al., 2022; Kurian, 2015). Innovativeness involves taking calculated risks and bringing inventive solutions to market early, thereby gaining a competitive edge (Wang et al., 2020). This multi-faceted concept covers various domains, including product innovation, which involves creating new products and services tailored to customer needs, and process innovation, which integrates new methods, tools, and software to enhance production and delivery (Cozzarin, 2016). By embracing innovativeness, enterprises can offer unique products or services and improve operational efficiency through process innovation, thereby gaining a competitive advantage (Tsai & Yang, 2013).

The fusion of novel products, services, and processes driven by innovativeness enhances firm performance by carving out distinctive niches, capturing new market opportunities, and meeting evolving customer aspirations (Anning-Dorson et al., 2018). Continuous innovation and adaptation to market shifts can improve financial standing, increase market share, and pave the way for sustainable growth (Miszkiewicz, 2019). Innovation is defined as introducing novel ideas, products, services, or practices to create value, manifesting in improved efficiency, enhanced quality of life, or business opportunities (Rogers, 2013). According to Tidd and Bessant (2018), it involves transforming creative ideas into practical and valuable solutions that address specific challenges or opportunities. Furthermore, innovation encompasses the development and application of new ideas, processes, or technologies to create unique products, services, or business models, driving economic growth and competitiveness (Davila et al., 2006). This comprehensive approach to innovation, including enhancing existing practices and exploring uncharted territories, allows businesses and societies to evolve and remain relevant in a rapidly changing global landscape (Doblin, 2019).

SMEs Performance

Small and Medium-sized Enterprises (SMEs) are evaluated for their performance through a multidimensional lens that encompasses financial and operational achievements. According to Ratten and Dana (2019), SME performance includes financial metrics such as profitability, liquidity, and efficiency, which reflect the enterprise's financial health and operational effectiveness. Additionally, Ong and Wu (2020) highlight the importance of growth rates, innovation capacity, and market competitiveness as integral components of SME performance evaluation. This comprehensive approach acknowledges that SMEs operate in dynamic market environments where success hinges not only on financial stability but also on their ability to innovate and maintain competitiveness.

Customer-centric measures also play a pivotal role in defining SME performance, as noted by Islam and Ahmad (2019). This aspect emphasizes the significance of meeting customer needs, ensuring satisfaction,

and delivering high-quality products or services consistently. Customer satisfaction not only fosters brand loyalty but also enhances market positioning and sustains business growth amidst competition. Moreover, assessing SME performance involves examining outcomes across various dimensions, as articulated by Yang (2019), including product quality, service excellence, and overall market impact. By considering both financial indicators like profitability and nonfinancial aspects such as customer satisfaction and market share, stakeholders gain a holistic view of an SME's operational success and its contributions to the broader economy.

Proactiveness and Performance of SMEs

Dameshifa et al. (2023) conducted an in-depth investigation to understand the complex relationship between entrepreneurial orientation, market orientation, and business performance, with innovation acting as a mediator, within Indonesian SMEs. Recognizing the essential role of SMEs in economic development, the study used a descriptive quantitative approach within a causal framework, administering a detailed questionnaire to 219 SME owners selected through purposive sampling. Structural Equation Modeling (SEM) using AMOS 24 revealed that both entrepreneurial orientation, particularly risk-taking, and market orientation significantly enhanced business performance. Despite these valuable insights, the study's Indonesian context means the findings may not be directly applicable to SMEs in Nasarawa State.

Similarly, Ademosu and Morakinyo (2021) examined the relationship between entrepreneurial orientation and SME performance in Ikeja, Lagos State, Nigeria. Using a survey design, the study analyzed data from 95 SMEs registered with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), employing descriptive statistics, multiple linear regression, Pearson correlation analysis, and ANOVA. The findings highlighted a strong connection between risk-taking, proactiveness, and SME performance. However, the modest sample size raises concerns about the study's representativeness. Akbar et al. (2020) also explored entrepreneurial orientation in Malaysia's furniture industry using a purposive sample of 391 company owners and managers, finding a positive relationship between risk-taking and competitiveness through SEM-PLS analysis. Rahaman et al. (2021) studied the impact of risk-taking, innovativeness, and proactiveness on SME performance in Dhaka, Bangladesh, using hierarchical regression on data from 250 SME owners. While these studies provide valuable insights, their findings may not be generalizable to SMEs in Nasarawa State due to regional and contextual differences.

Risk Taking and Performance of SMEs

Murtianingsih (2021) explored the impact of entrepreneurial orientation (EO) on the competitiveness of Batik SMEs in East Java, Indonesia. Using a survey approach, the study collected data through questionnaires and interviews from 119 SME heads across various districts and cities in East Java. Multiple regression analysis revealed that risk-taking, a key component of EO, significantly and positively influenced the competitiveness of these SMEs. Despite these findings, the study's context in Indonesia suggests that its conclusions may not be directly applicable to SMEs in Nasarawa State. Similarly, Naldi et al. (2007) examined the relationship between risk-taking and competitiveness in family-run firms in Sweden, using a stratified sample and Structural Equation Modelling. The study findings of a negative relationship between risk-taking and competitiveness underscores the complexity of risk dynamics in family enterprises. However, the Swedish context limits the generalizability of these findings to Nasarawa State.

In another study, NuelOkoli et al. (2021) investigated the influence of entrepreneurial orientation on competitiveness among SMEs in Southeastern Nigeria. Utilizing a descriptive survey design, the study engaged 366 SMEs and used OLS multiple regression analysis to reveal a significant positive relationship between risk-taking and competitiveness. However, the study's broad claim of surveying all SMEs in five states raises questions about the reliability of the results, suggesting that these findings may not be applicable to Nasarawa State SMEs. Similarly, Rahaman et al. (2021) conducted a survey in Dhaka, Bangladesh, to examine the effects of risk-taking, innovativeness, and proactiveness on SME performance. Hierarchical regression analysis highlighted these factors as significant influencers, but the

distinct context of Bangladesh limits the applicability of these insights to Nasarawa State. Sirivanh et al. (2014) also explored the influence of business risk on SME growth in Lagos, Nigeria, using SEM on a sample of 331 SMEs. While they found a positive relationship between risk-taking and competitiveness, the non-probability sampling method limit generalizability to Nasarawa State.

Innovativeness and Performance of SMEs

Kiveu et al. (2019) explored the impact of innovativeness on firm competitiveness among manufacturing SMEs in Nairobi County, Kenya. Utilizing a cross-sectional survey approach, the study gathered data from a sample of 284 out of 987 registered SMEs between 2012 and 2014 through questionnaires administered to owner-managers. The study revealed a significant positive relationship between innovation and competitiveness. However, the Kenyan context suggests that these findings might not be directly applicable to SMEs in Nasarawa State. Similarly, Savitri and Syahza (2021) investigated the interplay between adaptability, entrepreneurial orientation, innovation, and business performance in coastal SMEs in Indonesia. They used a survey design to collect data from 115 SMEs, sampling 585 employees through structured questionnaires. Path analysis indicated a significant impact of innovation on business performance; however, the specific regional context limits the direct applicability of these findings to Nasarawa State SMEs.

Sulistyo and Ayuni (2020) studied the creative and handmade fashion industry in Semarang, Jepara, and Kudus, Indonesia, to understand the link between innovativeness and competitiveness among SMEs. Using a questionnaire survey of 254 business owners with over ten years of operation, the study employed purposive sampling and SEM analysis to show a substantial positive impact of innovativeness on competitiveness. Uchenna et al. (2019) examined entrepreneurial orientation's impact on MSMEs in Abia State, Nigeria, using a survey design and descriptive analysis. They identified innovativeness, risk-taking, and proactiveness as key factors enhancing MSME performance, though competitive aggressiveness had no significant effect. Urbancová (2013) also highlighted the critical role of innovativeness in firm competitiveness through a survey of 109 organizations in the Czech Republic, emphasizing the importance of regional context. Finally, Utami and Wilopo (2018) studied the effect of entrepreneurial orientation on SME competitiveness in Malang, East Java, Indonesia, focusing on handicrafts, food and beverages, and fashion sectors. Their SEM analysis revealed a strong positive effect of innovativeness on competitiveness. However, due to different regional and contextual factors, these findings might not be applicable to SMEs in Nasarawa State.

Theoretical Framework

The Dynamic Capabilities Theory

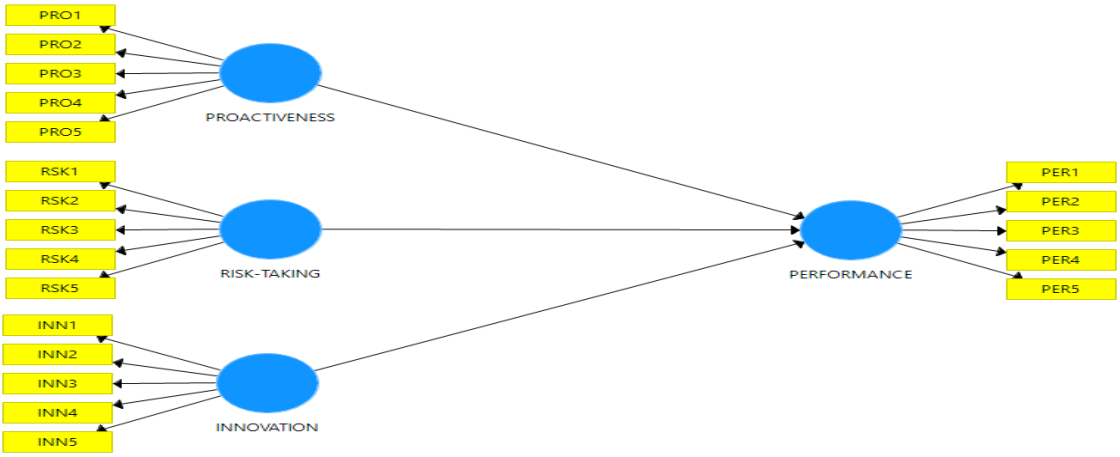
The Dynamic Capabilities Theory, introduced by Teece et al. (1997), emphasizes a firm's ability to adapt, integrate, and reconfigure internal and external competencies to navigate rapidly changing environments. This theory posits that a company's success hinges not only on its existing resources and capabilities but also on its capacity to develop new capabilities in response to evolving circumstances. It is particularly relevant to strategic management and innovation, highlighting the importance of an organization's adaptive prowess in dynamic environments. The theory underscores the need for organizations to harness existing resources while exploring new avenues, thus fostering a sustainable competitive advantage.

Central to this theory are three fundamental processes: sensing, seizing, and reconfiguring. Sensing refers to an organization's ability to detect changes in the external environment and market trends. Seizing involves taking swift action to capitalize on identified opportunities by mobilizing resources through innovative strategies. Reconfiguring focuses on modifying internal processes and resources to align with new strategic directions and exploit emerging prospects. The Dynamic Capabilities Theory provides a structured framework to understand how entrepreneurial orientation enables SMEs to be agile and innovative in highly competitive markets. It illustrates how SMEs can leverage their entrepreneurial orientation to identify and effectively exploit opportunities within Nasarawa State's unique context, potentially enhancing their performance outcomes.

METHODOLOGY

This study employed a survey research design, The study's population comprises of small and medium-sized firms (SMEs) that operate in Nasarawa State and are also registered with the Nasarawa State Ministry of Commerce. According to the Nasarawa State Ministry of Commerce MSME Survey Report (2022), the total population of small and medium-sized business owners in the state is 1816. The owners of SMEs for the study have been operating their respective SMEs for at least (thirty-six) 36 months. Yamene(1967) sample size determination formular was use to determine a sample size of 361. utilizing a structured five-point Likert scale questionnaire to collect data from three hundred and sixty one (361) owners of SMEs through a purposive sampling technique based on the number of SMEs in each of the state's local government councils of Akwanga, Awe, Doma, Karu, Keana, Kokona, Lafia, Nasarawa, Nasarawa Eggon, Obi, Toto, Wamba, and Keffi are the councils.

Figure 1: Model of Study



Source: Smartpls 2024

RESULTS AND DISCUSSION

The study distributed 61 questionnaires to employees of the selected deposit money banks in Rivers State, with 298 being correctly filled and returned, yielding a response rate of 98%. To ensure data integrity, a preliminary assessment was conducted to detect potential issues such as missing values, outliers, or biased responses. The analysis confirmed the absence of missing data, outliers, or biased responses, ensuring the reliability of the collected information.

The Measurement Model

According to Hair et al. (2017), the assessment of a measurement model begins with scrutinizing the outer loadings of study items, which signify the strength of the relationship between each item and its respective construct. They propose that loadings exceeding 0.70 are generally considered acceptable, indicating a substantial contribution of the construct to the variability in the indicator. This threshold ensures that more than 50% of the variance in the indicator is explained by the construct, thereby affirming the reliability of the measurement items. Items failing to meet this criterion were removed from the model to maintain the accuracy and validity of the measurement model.

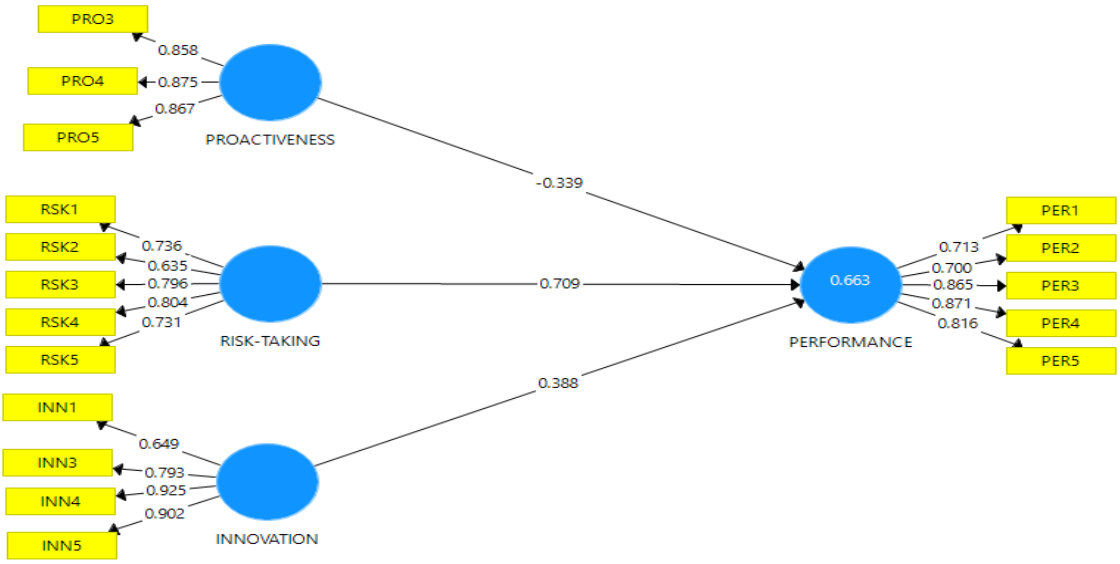


Figure 2: Indicator outer loading

Table 1: Reliability of the Study Scale

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
INNOVATION	**0.839**	**0.866**	**0.893**	**0.680**
PERFORMANCE	**0.854**	**0.873**	**0.896**	**0.634**
PROACTIVENESS	**0.838**	**0.861**	**0.901**	**0.752**
RISK-TAKING	**0.800**	**0.840**	**0.859**	**0.552**

Source: SmartPLS Output 2024

The study assessed internal consistency using composite reliability measures, all of which exceeded the recommended threshold of 0.70, as shown in Table 2, confirming strong consistency within the constructs. Additionally, Cronbach's alpha values surpassed the minimum accepted criterion of 0.70, as advocated by Hair et al. (2017), further reinforcing the robustness of the study's measures' reliability. Convergent validity was evaluated through the average variance extracted (AVE), with all variables showing values higher than 0.50. This indicates that each construct accounted for at least 50% of the variance in the study items, demonstrating satisfactory convergent validity.

Table 2: Discriminant validity using Heterotrait-Monotrait Ratio

	INNOVATION	PERFORMANCE	PROACTIVENESS	RISK-TAKING
INNOVATION				
PERFORMANCE	**0.810**			
PROACTIVENESS	**0.683**	**0.482**		
RISK-TAKING	0.874	**0.827**	**0.865**	

Source: SmartPLS Output 2024

To assess discriminant validity, the study utilized the Heterotrait-Monotrait Ratio (HTMT) of the correlation. This ratio represents the mean value of item correlations across constructs, relative to the geometric mean of the average correlations for items measuring the same construct (Voorhees et al., 2016). According to Henseler et al. (2015), discriminant validity issues may arise when the HTMT values exceed 0.90. However, in the present study, the HTMT values were found to be less than 0.90. This suggests that there are no discernible problems with discriminant validity. The results indicate that the constructs are sufficiently distinct from each other, as the HTMT values fall within an acceptable range.

Assessing the Structural Model

In assessing the structural model, the standard assessment criteria was consider which include the path coefficient-values, p-values, and coefficient of determination(R^2).the bootstrapping procedure was conducted using a resample of 5000

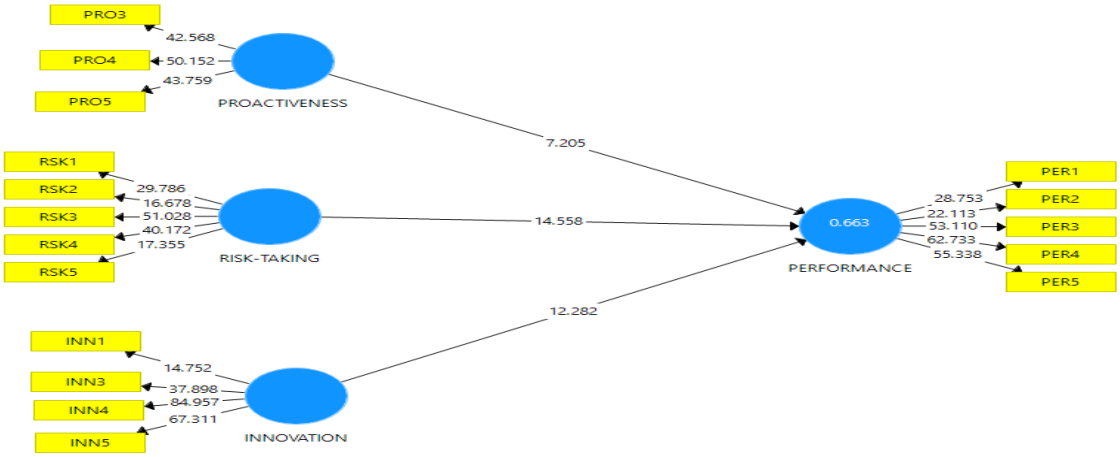


Figure 4.2: Path Coefficient of the Regression Model

The R-square value stood at 0.663 for SMEs performance indicating that variation in the effect of entrepreneurial orientation on SMEs performance in Nasarawa State can be explain to the degree of 66%, the remaining 34% variation could be explained by other factors. The result of the path coefficient analysis is presented in the tables below:

Table 3: Path coefficient of the relationship

	Path Coefficient **(Beta)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Decision
INNOVATION -> PERFORMANCE	0.387	0.031	12.282	**0.000**	**Rejected**
PROACTIVENESS -> PERFORMANCE	0.346	0.050	7.205	**0.000**	**Rejected**
RISK-TAKING -> PERFORMANCE	0.714	0.049	14.558	**0.000**	**Rejected**

Source: SmartPLS Output 2024

Table 3: shows the result of the Path coefficient for the relationship of the study variables.

Hypotheses HO_1, which posits that there is no significant effect of proactiveness on SME performance, the path coefficient for proactiveness to performance is -0.346, with a standard deviation of 0.050. The T-statistic of 7.205 is also highly significant (p-value=0.000). Contrary to the null hypothesis, the negative path coefficient implies that higher levels of proactiveness are associated with higher SME performance in the context of Nasarawa State's SMEs.

Hypotheses H_{O2}, which suggests that risk-taking has no significant effect on SME performance. The path coefficient for risk-taking to performance is 0.714, with a standard deviation of 0.049. The T-statistic of 14.558 is highly significant (p-value=0.000). Therefore, we reject the null hypothesis (H_{O2}) as there is a significant positive effect of risk-taking on SME performance. This implies that SMEs in Nasarawa State benefit from a higher willingness to take risks, leading to enhanced performance. The findings highlight the importance of considering the individual dimensions of entrepreneurial orientation in understanding their impact on SME performance.

Lastly hypothesis $H0_3$, which states that innovativeness has no significant effect on the performance of SMEs. The path coefficient for innovativeness to performance is 0.387, with a standard deviation of 0.031. The T-statistic of 12.282 is highly significant (p-value=0.000). Therefore, we reject the null hypothesis (H_{O3}) as there is a significant positive effect of innovativeness on SME performance. This suggests that SMEs in Nasarawa State benefit from being innovative, leading to improved performance.

CONCLUSION AND RECOMMENDATIONS

The study examining the effect of entrepreneurial orientation on SMEs performance in Nasarawa State offers a detailed perspective on the pivotal roles of proactiveness, risk-taking, and innovativeness in the success of small and medium enterprises. By highlighting the positive correlation between these entrepreneurial traits and business performance, the study provides valuable insights for policymakers and business leaders. It suggests that fostering a culture of innovation and encouraging strategic risk-taking can significantly enhance the resilience and dynamism of the entrepreneurial ecosystem in Nasarawa State. Policymakers can leverage these findings to design targeted initiatives that support innovation, streamline regulatory frameworks, and provide resources for risk management. Business leaders, in turn, can implement strategies that embrace proactive market approaches and innovative solutions to maintain a competitive edge. Ultimately, these insights can contribute to the sustainable growth of SMEs, driving economic development and positioning Nasarawa State as a hub of entrepreneurial activity.

Based on the result, the study recommends the following: -

i. To enhance proactiveness among SMEs in Nasarawa State, it is recommended that business leaders and policymakers establish regular market analysis and trend forecasting workshops. These workshops would equip SME owners with the skills to anticipate market changes, identify emerging opportunities, and develop strategic plans that enable them to stay ahead of competitors.
ii. The study suggests that SMEs in Nasarawa State stand to benefit from embracing a calculated level of risk to enhance their performance. However, this recommendation goes beyond a generic call for risk-taking and emphasizes the importance of tailoring risk strategies to the specific business context in Nasarawa. Each SME operates in a unique environment with its own set of challenges and opportunities, and a one-size-fits-all risk approach may not be effective. Therefore, businesses should conduct a thorough risk assessment, considering their industry, market conditions, and internal capabilities. By optimizing risk strategies based on this analysis, SMEs can strike the right balance between risk and reward, fostering sustainable growth and resilience in the dynamic business landscape of Nasarawa State.
iii. Encouraging SMEs in Nasarawa State to foster an innovative mindset is essential for their long-term success. Policymakers can play a crucial role in supporting this recommendation by advocating for initiatives that promote creativity and adaptability within the local SME ecosystem. This could include providing resources for training programs, creating incentives for the adoption of innovative technologies, and fostering collaboration between SMEs and research institutions. By cultivating a culture of innovation, SMEs can differentiate themselves in the market, identify new business opportunities, and adapt to changing consumer preferences. This not only enhances the individual competitiveness of SMEs but also contributes to the overall economic development and resilience of Nasarawa State.

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