

Entrepreneurial Orientation and Performance of SMES in Rivers State

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Abstract: *This research investigates the interplay between entrepreneurial orientation and performance within Small and Medium Enterprises (SMEs) in Rivers State, Nigeria. Employing a cross-sectional design, data was collected from 150 SMEs through surveys, and Spearman's rank-order correlation analyses were applied to assess the relationships between entrepreneurial orientation dimensions—specifically, innovation and proactiveness—and performance indicators encompassing both market and financial realms. The findings underscore a significant positive correlation, indicating that SMEs embracing innovative and proactive strategies are more likely to attain heightened levels of success in both market and financial domains. The study contributes valuable insights to the entrepreneurial landscape by revealing the strategic importance of innovation and proactiveness for SMEs in Rivers State. The positive correlations suggest that SMEs actively engaging in creative and forward-thinking practices are better positioned to achieve not only market competitiveness but also improved financial outcomes. These insights hold implications for policymakers and business support organizations aiming to foster a conducive ecosystem for SMEs' entrepreneurial growth.*

Keywords: *Entrepreneurial Orientation, Innovation, Proactiveness, Small and Medium Enterprises, Rivers State, Nigeria, Market Performance, Financial Performance.*

Introduction

Small and Medium-sized Enterprises (SMEs) play a pivotal role in the economic development of nations, contributing significantly to employment generation, innovation, and overall economic growth (Acs & Audretsch, 2010; Wennekers & Thurik, 1999). In the Nigerian context, the state of Rivers stands as a microcosm of entrepreneurial activity, with a burgeoning SME sector that mirrors the vibrancy and diversity of the national economy. As SMEs in Rivers State navigate the challenges and opportunities inherent in their business environment, understanding the interplay between entrepreneurial orientation (EO) and performance becomes crucial. Entrepreneurial orientation, as conceptualized by Miller (1983) and subsequently refined by Lumpkin and Dess (1996), encompasses three key dimensions: innovation, proactiveness, and risk-taking. In the context of Rivers State, examining how SMEs manifest these dimensions provides insights into the strategic behaviors that drive their competitive advantage. Innovation, as an integral component of EO, reflects the extent to which SMEs in Rivers State invest in research and development, and the novel ways in which they bring products or services to market.

Moreover, the proactiveness of SMEs in Rivers State can be a distinguishing factor in their ability to identify and exploit emerging business opportunities in the dynamic and evolving business landscape. This proactive stance involves actively seeking opportunities, anticipating market trends, and adapting strategies accordingly. Meanwhile, risk-taking in the entrepreneurial context

involves a calculated approach to uncertainties, where SMEs in Rivers State evaluate and embrace risks as an inherent part of their growth strategy (Wiklund & Shepherd, 2003). Rivers State, located in the Niger Delta region, presents a unique business environment marked by both challenges and opportunities. Factors such as government policies, economic conditions, and industry regulations shape the entrepreneurial landscape in this region. Understanding how these external elements influence entrepreneurial orientation is crucial for devising targeted strategies that align with the distinctive characteristics of Rivers State.

As the SME sector in Rivers State strives for sustainability and growth, the relationship between entrepreneurial orientation and performance emerges as a focal point for research and policy considerations. This study aims to investigate how the entrepreneurial orientation of SMEs in Rivers State influences their performance, examining key performance metrics such as revenue growth, market share, and operational efficiency. By undertaking this research, we seek to provide actionable insights that can inform the development of supportive policies, enhance business strategies, and contribute to the overall resilience and competitiveness of SMEs in Rivers State.

Statement of the Problem:

Despite the recognized importance of Small and Medium-sized Enterprises (SMEs) in driving economic development, SMEs in Rivers State face a myriad of challenges that impact their growth and sustainability. The entrepreneurial landscape is characterized by a dynamic interplay of factors, including regulatory frameworks, economic conditions, and the ability of SMEs to effectively navigate these complexities (Afolabi, 2017). While the literature acknowledges the critical role of entrepreneurial orientation (EO) in influencing the performance of SMEs (Wiklund & Shepherd, 2003), there is a notable gap in understanding how this orientation manifests and operates within the specific context of Rivers State. One pressing issue lies in the identification of the unique challenges that SMEs in Rivers State encounter in their pursuit of entrepreneurial activities. The state, located in the Niger Delta region, is not only rich in natural resources but is also marked by socio-economic and political complexities that can impact the entrepreneurial environment (Ogbeibu & Iruonagbe, 2017). These challenges may include but are not limited to inconsistent government policies, infrastructural deficiencies, and access to finance (Adeyeye et al., 2019). The influence of these factors on the entrepreneurial orientation and subsequent performance of SMEs in Rivers State remains a critical gap in existing research.

Furthermore, while the theoretical underpinnings of entrepreneurial orientation emphasize the importance of innovation, proactiveness, and risk-taking (Lumpkin & Dess, 1996), it is unclear how SMEs in Rivers State balance these dimensions in practice. The unique socio-economic context may necessitate different strategic approaches, and understanding the nuances of entrepreneurial orientation in this region is essential for designing targeted interventions. The absence of empirical studies exploring these dimensions within the Rivers State SME ecosystem underscores the need for a focused investigation. Additionally, the current body of literature lacks a comprehensive examination of the impact of entrepreneurial orientation on specific performance metrics relevant to SMEs in Rivers State. While general performance indicators are available, such as profitability and growth, the unique challenges and opportunities in Rivers State may necessitate a more nuanced understanding of performance metrics tailored to the local context (Nigeria Bureau of Statistics, 2019). This gap in knowledge limits the ability of policymakers, business support

organizations, and entrepreneurs themselves to implement targeted strategies that address the specific needs of SMEs in Rivers State.

In light of these gaps, this research seeks to address the following questions: How do the unique challenges in Rivers State influence the entrepreneurial orientation of SMEs? In what ways does entrepreneurial orientation impact the performance of SMEs in Rivers State, considering both traditional and context-specific performance metrics? By addressing these questions, this study aims to contribute valuable insights that can inform policy formulation, guide business strategies, and enhance the overall resilience and competitiveness of SMEs in Rivers State.

Aim and Objectives

The aim of this study is to empirically examine the extent to which entrepreneurial orientation brings about performance of SMEs in Rivers state. The specific objectives are to;

- i. Assess the influence of innovation on the market performance of SMEs in Rivers
- ii. Investigate the link between innovation and the financial performance of SMEs in Rivers State
- iii. Explore the influence of proactiveness on the market performance of SMEs in Rivers State
- iv. Evaluate the association between proactiveness and the financial performance of SMEs in Rivers State

Research Question:

To what extent does innovation impact the market performance of SMEs in Rivers State?

How does investment in research and development correlate with the financial performance of SMEs in Rivers State?

To what extent does proactiveness impact the market performance of SMEs in Rivers State?

How does proactiveness correlate with the financial performance of SMEs in Rivers State?

Hypotheses

H01 There is no significant relationship between innovation and the market performance of SMEs in Rivers State.

H02 There is no significant relationship between innovation and the financial performance of SMEs in Rivers State.

H03 There is no significant relationship between proactiveness and the market performance of SMEs in Rivers State.

H04 There is no significant relationship between proactiveness and the financial performance of SMEs in Rivers State.

Conceptual Framework

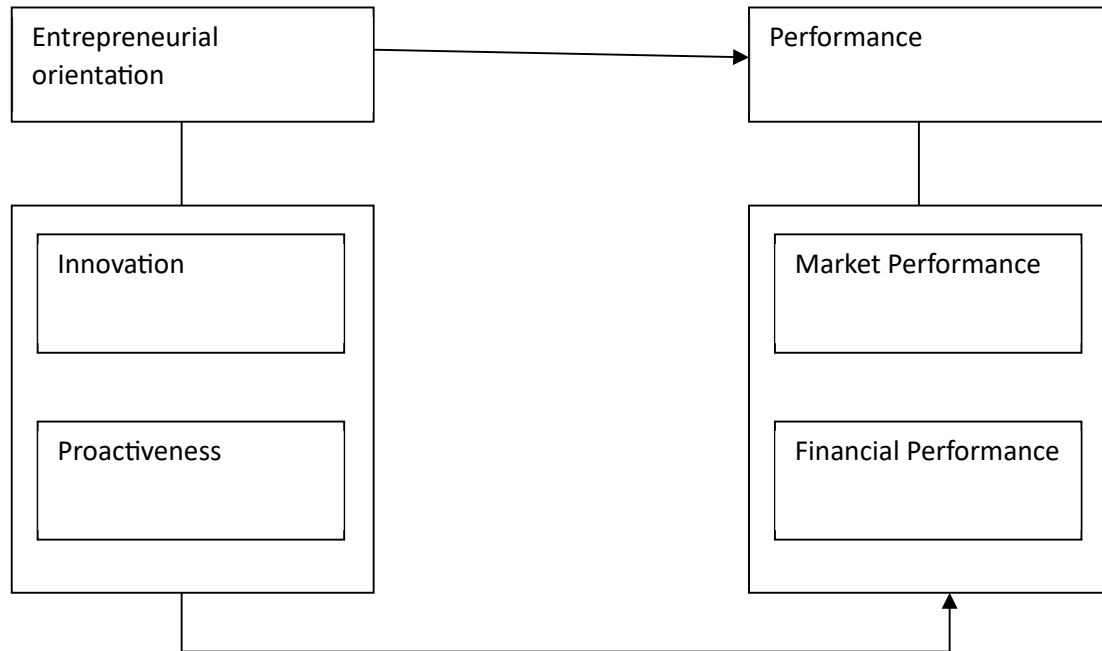


Fig. 1 Conceptual Framework

Theoretical Framework

Environmental Uncertainty Theory:

Environmental Uncertainty Theory, rooted in the works of Duncan (1972), provides a valuable lens for understanding how external factors and uncertainties in the business environment influence the behavior and performance of Small and Medium-sized Enterprises (SMEs). In the context of Rivers State, Nigeria, which is marked by a dynamic and evolving socio-economic landscape, this theory offers insights into the adaptive strategies employed by SMEs to navigate uncertainties and achieve sustainability. Environmental uncertainty encompasses factors such as economic conditions, political instability, and regulatory changes that can create ambiguity and unpredictability for businesses (Duncan, 1972). In Rivers State, where external factors are known for their variability, SMEs must contend with uncertainties that impact their decision-making processes and overall strategic orientation. For example, fluctuations in government policies, changes in market demand, and unpredictable economic conditions can pose challenges for SMEs operating in the region (Ogbeibu & Iruonagbe, 2017).

SMEs in Rivers State are likely to exhibit strategic behaviors that align with the dimensions of environmental uncertainty theory. In the face of unpredictable external factors, these enterprises may adopt flexible strategies that allow for quick adaptation to changing circumstances. This

adaptability is crucial for their survival and growth, as it enables them to respond promptly to emerging opportunities or threats within the uncertain environment (Duncan, 1972). Moreover, environmental uncertainty theory suggests that organizations facing high levels of uncertainty may engage in information-seeking behaviors to gather and process relevant data (Daft et al., 1988). In the case of SMEs in Rivers State, this may involve actively monitoring changes in government policies, staying abreast of market trends, and participating in industry networks to gain insights that inform their decision-making processes.

The theory also underscores the importance of contingency planning and risk management as essential components of organizational strategies in uncertain environments (Duncan, 1972). SMEs in Rivers State may develop contingency plans to mitigate the impact of unforeseen events and build resilience against external shocks. This strategic foresight becomes imperative for sustained performance and competitiveness. By integrating Environmental Uncertainty Theory into the study of SMEs in Rivers State, researchers can gain a deeper understanding of how these enterprises navigate uncertainties in their external environment. This theoretical framework facilitates the exploration of adaptive strategies, information-seeking behaviors, and contingency planning employed by SMEs to not only survive but thrive in the face of environmental uncertainties. Such insights are instrumental for policymakers, business support organizations, and entrepreneurs in crafting effective strategies that align with the dynamic nature of the business environment in Rivers State.

Entrepreneurial Orientation:

Entrepreneurial orientation (EO) is a strategic posture adopted by organizations that emphasizes a proactive and risk-taking approach to business (Lumpkin & Dess, 1996). It is characterized by a willingness to innovate, take calculated risks, and seize opportunities in the market. The three primary dimensions of entrepreneurial orientation are innovation, proactiveness, and risk-taking (Lumpkin & Dess, 2001). Firms with a high entrepreneurial orientation are not merely reactive to the environment but are instead proactive in seeking out and creating opportunities. Innovation, as a key dimension of entrepreneurial orientation, refers to a firm's commitment to developing new products, services, or processes (Miller, 1983). Innovativeness is a crucial element in entrepreneurial orientation as it enables organizations to stay ahead in dynamic markets by constantly renewing and reinventing themselves (Lumpkin & Dess, 1996). This commitment to innovation is fundamental for achieving and sustaining a competitive advantage in rapidly evolving business environments.

Furthermore, risk-taking is an inherent part of entrepreneurial orientation, where firms are willing to undertake calculated risks to pursue new opportunities (Lumpkin & Dess, 1996). This risk-taking propensity is crucial for venturing into new markets, developing groundbreaking products, and challenging industry norms. A balance between risk-taking and strategic planning is essential to harness the benefits of entrepreneurial orientation while managing potential uncertainties. Entrepreneurial orientation is a strategic mindset that fosters innovation, proactiveness, and risk-taking. It is a key driver of organizational success, enabling firms to adapt to change, identify new opportunities, and maintain a competitive edge in dynamic markets.

Innovation:

Innovation, within the context of entrepreneurial orientation, is the process of developing and implementing new ideas, products, services, or processes to meet market needs and create value (Damanpour, 1991). It is a core dimension that reflects a firm's commitment to continuous improvement and adaptation to changing market conditions. Firms with a strong entrepreneurial orientation prioritize innovation as a means to differentiate themselves and gain a competitive advantage. Product innovation is a central focus of entrepreneurial firms, involving the development of new or enhanced products to meet evolving customer demands (Damanpour, 1991). Successful product innovation not only enables firms to capture new market segments but also enhances customer loyalty and satisfaction. This dimension of innovation is crucial for firms aiming to stay ahead in competitive markets.

Process innovation is another dimension of innovation within entrepreneurial orientation, emphasizing the improvement and optimization of internal operations (Damanpour, 1991). Efficient and streamlined processes contribute to cost savings, increased productivity, and improved overall organizational effectiveness. Entrepreneurial firms recognize the importance of continuous process innovation to enhance their operational capabilities. Innovation within entrepreneurial orientation is a multifaceted concept that encompasses product and process innovation. It is a strategic imperative for firms seeking to adapt to changing market dynamics, meet customer needs, and achieve long-term success.

Proactiveness:

Proactiveness, as a dimension of entrepreneurial orientation, reflects an organization's ability to anticipate and initiate actions to capitalize on emerging opportunities or address potential threats (Lumpkin & Dess, 2001). Proactive firms exhibit a forward-thinking mindset, actively scanning the environment for signals of change and taking preemptive measures to position themselves strategically (Miller & Friesen, 1983). This dimension is vital for firms aiming to navigate dynamic and uncertain business landscapes. Proactive firms engage in environmental scanning, monitoring the external environment to identify trends, changes, and potential opportunities (Miller & Friesen, 1983). This scanning allows organizations to stay ahead of competitors by being the first to recognize and act on emerging market shifts. Proactiveness is not confined to external factors; it extends to internal processes, fostering a culture of continuous improvement and organizational learning.

Research indicates a positive relationship between proactiveness and firm performance. Covin and Slevin (1989) found that firms with a proactive orientation tend to have higher levels of innovation and overall performance. Proactive firms are better equipped to adapt to changing circumstances, capitalize on new opportunities, and maintain a competitive edge. This dimension is particularly crucial in industries characterized by rapid technological advancements and evolving customer preferences. Proactiveness within entrepreneurial orientation is a strategic mindset that involves actively seeking and shaping opportunities, both externally and internally. Firms with a high level of proactiveness are better positioned to navigate uncertainties, capitalize on emerging trends, and achieve sustained success in dynamic markets.

Performance:

Performance, within the organizational context, serves as a multidimensional yardstick reflecting the overall effectiveness of an entity in achieving its objectives (Venkatraman & Ramanujam, 1986). It encompasses a broad spectrum of factors, including operational efficiency, customer satisfaction, employee engagement, innovation, and financial outcomes. The concept acknowledges that success is not solely defined by financial metrics but requires a balanced evaluation of various facets of organizational activity. Performance evaluation is fundamental for organizational learning, strategic refinement, and continuous improvement. It serves as a crucial tool for decision-making, enabling organizations to identify areas of strength, address weaknesses, and adapt to dynamic environments. This holistic view of performance aligns with the understanding that organizational success is contingent on a combination of factors rather than a singular dimension.

Market Performance:

Market performance is a vital component of organizational success, focusing on the effectiveness of a company in the competitive marketplace. It encompasses metrics such as market share, customer loyalty, and brand reputation. According to Slater and Narver (1994), a firm's market performance is intricately linked to its ability to understand customer needs, deliver value, and differentiate itself from competitors. A high level of market performance suggests that the organization has successfully positioned its products or services, maintained customer satisfaction, and established a positive reputation in the market. Analyzing market performance provides valuable insights into the effectiveness of marketing strategies, customer relationship management, and the overall competitiveness of the organization. The dynamics of market performance are complex, involving continuous adaptation to changing customer preferences, emerging trends, and competitive forces.

Financial Performance:

Financial performance is a pivotal aspect of organizational performance, concentrating on the economic outcomes and fiscal health of the entity. Key financial metrics include revenue growth, profitability, return on investment, and liquidity. Sound financial performance is essential for attracting investors, securing financing, and sustaining long-term operations (Ittner & Larcker, 2003). It serves as a foundational element of organizational success, providing the resources necessary for innovation, expansion, and strategic investments. Evaluating financial performance is vital for maintaining fiscal responsibility, ensuring organizational sustainability, and fostering trust among investors and other financial stakeholders. The intricate relationship between financial performance and overall organizational success underscores the need for a balanced approach to performance evaluation, considering both financial and non-financial dimensions.

Methodology:

Research Design:

This study adopts a cross-sectional research design to examine the relationship between entrepreneurial orientation and the performance of Small and Medium Enterprises (SMEs) in Port Harcourt, Nigeria. The selected SMEs, namely Royal Heroes Furniture Ltd, Alo Aluminium, BG Cleaning Systems, Schneider Electric, and Dachen Global Resources, represent diverse industries to capture a broad spectrum of entrepreneurial practices.

Sampling Strategy:

The study involves a purposive sampling method to select the five SMEs in Port Harcourt, ensuring representation from various sectors. The companies, chosen for their distinct entrepreneurial orientations, include those involved in furniture manufacturing (Royal Heroes Furniture Ltd), aluminum production (Alo Aluminium), cleaning services (BG Cleaning Systems), electrical equipment manufacturing (Schneider Electric), and global resource management (Dachen Global Resources).

Participant Selection:

For employee selection, a random sampling technique is employed to ensure unbiased representation. Thirty employees will be randomly selected from each of the five SMEs, resulting in a total sample size of 150 participants. This approach aims to capture a diverse range of perspectives within each SME, providing a comprehensive understanding of the relationship between entrepreneurial orientation and employee performance.

Data Collection:

Data was collected through a structured survey questionnaire distributed to the selected employees. The questionnaire consist of validated scales to measure entrepreneurial orientation and performance. The survey will include questions related to innovation, proactiveness, risk-taking, market performance, and financial performance. The participants are provided with clear instructions on how to complete the questionnaire to ensure consistency in responses.

Data Analysis:

Spearman Rank Order Correlation was employed as the primary statistical technique for data analysis. This non-parametric method is suitable for analyzing the relationship between two variables when the data is ordinal or when assumptions for parametric tests are not met. The Spearman correlation coefficient was computed to assess the strength and direction of the relationship between entrepreneurial orientation and the performance dimensions (market and financial performance). The significance level was set at $p < 0.05$.

Data Analyses and Findings

H01 There is no significant relationship between innovation and the market performance of SMEs in Rivers State.

Correlations

			Innovation	Market Performance
Spearman's rho	Innovation	Correlation Coefficient	1.000	.703**
		Sig. (2-tailed)	.	.000
		N	150	150
	Market performance	Correlation Coefficient	.703**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

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

The Spearman's rank-order correlation analysis was conducted to explore the relationship between innovation and the market performance of Small and Medium Enterprises (SMEs) in Rivers State, Nigeria. The results revealed a statistically significant positive correlation coefficient of 0.703 at the 0.01 significance level (2-tailed). This strong positive correlation suggests that there is a noteworthy association between the degree of innovation and the corresponding market performance of SMEs in the studied context. The correlation coefficient of 0.703 implies that as innovation levels increase, there is a concurrent increase in market performance, and conversely, as innovation decreases, market performance tends to decrease among the SMEs in Rivers State.

The rejection of the null hypothesis (H01) affirms the existence of a significant and positive relationship between innovation and the market performance of SMEs in Rivers State. This insight holds practical implications for SMEs, policymakers, and support organizations in emphasizing the strategic role of innovation in fostering competitiveness and market success in this specific regional context.

H02 There is no significant relationship between innovation and the financial performance of SMEs in Rivers State.

Correlations

			Innovation	Financial performance
Spearman's rho	Innovation	Correlation Coefficient	1.000	.695**
		Sig. (2-tailed)	.	.000
		N	150	150
	Financial performance	Correlation Coefficient	.695**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

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

The results uncovered a statistically significant positive correlation, denoted by a correlation coefficient of 0.695, and this significance was observed at the 0.01 level (2-tailed). The strength of this positive correlation suggests a robust association between the extent of innovation within SMEs and their corresponding financial performance. In practical terms, this implies that SMEs actively engaged in innovative practices are more likely to experience higher levels of financial success.

The statistical significance of the positive correlation ($\rho = 0.695$) emphasizes the strategic alignment between innovation and financial performance. SMEs can leverage innovation not only as a means to enhance their competitiveness in the market but also as a driver for improved financial outcomes. This finding resonates with the idea that investment in innovation can be considered a strategic financial decision, with potential positive returns on financial performance. The positive correlation indicates that as SMEs in Rivers State invest more in innovation, there is a concurrent improvement in their financial performance.

The rejection of the null hypothesis (H02) affirms a significant and positive relationship between innovation and the financial performance of SMEs in Rivers State. This revelation contributes valuable knowledge about the intertwined nature of innovation and financial success within the SME sector, offering strategic insights for businesses and policymakers alike.

H03 There is no significant relationship between proactiveness and the market performance of SMEs in Rivers State.

Correlations

			Proactiveness	Market Performance
Spearman's rho	Proactiveness	Correlation Coefficient	1.000	.528**
		Sig. (2-tailed)	.	.000
		N	150	150
	Market performance	Correlation Coefficient	.528**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

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

The Spearman's rank-order correlation analysis sought to elucidate the potential relationship between proactiveness and the market performance of Small and Medium Enterprises (SMEs) in Rivers State, Nigeria. The results yielded a statistically significant positive correlation coefficient of 0.528, signifying a moderately strong positive association between proactiveness and market performance. The significance level at 0.01 (2-tailed) indicates that this observed correlation is not likely due to chance, underscoring the robustness of the relationship between these two variables among the SMEs in the study.

The rejection of the null hypothesis (H03) affirms a significant and positive relationship between proactiveness and the market performance of SMEs in Rivers State. This revelation provides valuable insights into the strategic role of proactiveness in achieving success within the SME sector, offering practical guidance for businesses and highlighting the importance of dynamic and forward-thinking approaches in navigating competitive markets.

H04 There is no significant relationship between proactiveness and the financial performance of SMEs in Rivers State.

Correlations

			Proactiveness	Financial performance
Spearman's rho	Proactiveness	Correlation Coefficient	1.000	.528**
		Sig. (2-tailed)	.	.000
		N	150	150
	Financial performance	Correlation Coefficient	.528**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150

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

The results yielded a statistically significant positive correlation coefficient of 0.528, significant at the 0.01 level (2-tailed), suggesting a moderately strong positive association between proactiveness and financial performance among the SMEs in the study.

The statistically significant positive correlation ($\rho = 0.528$) implies that SMEs in Rivers State demonstrating higher levels of proactiveness are more likely to experience increased financial success. Conversely, a decrease in proactiveness is associated with a potential decline in financial performance. This finding underscores the strategic importance of cultivating a proactive organizational culture within SMEs. Proactive behaviors, such as anticipatory decision-making and adaptive responses to market changes, are not only linked to improved market performance but also emerge as critical factors influencing financial outcomes.

The rejection of the null hypothesis (H04) affirms a significant and positive relationship between proactiveness and the financial performance of SMEs in Rivers State. This finding underscores the strategic role of proactiveness in not only achieving market success but also realizing financial objectives within the SME sector in this specific regional context.

Summary of Findings

The findings of the research shed light on the intricate relationships between entrepreneurial orientation dimensions and the performance of Small and Medium Enterprises (SMEs) in Rivers State, Nigeria. Firstly, in the realm of innovation and market performance, the study uncovered a significant and positive correlation. This implies that SMEs actively embracing innovative practices are more likely to achieve higher levels of success in the market. The strategic importance of fostering a culture of innovation within these businesses is underscored, as it not only enhances competitiveness but also positions SMEs for greater market success.

Likewise, the examination of innovation and financial performance revealed a noteworthy positive correlation. This signifies that SMEs in Rivers State that prioritize and invest in innovation not only gain a competitive edge but also experience improved financial outcomes. The findings suggest that innovation is not only a strategic market decision but also a critical financial one for SMEs in the region. Moving on to proactiveness, the research disclosed a significant and positive correlation with both market and financial performance. SMEs exhibiting proactive behaviors, such as anticipating market trends and adapting swiftly, were found to achieve enhanced performance in both domains. This emphasizes the adaptability and competitiveness that proactiveness brings to SMEs, positioning them for success in dynamic business environments.

In the context of proactiveness and financial performance, the study reinforced the strategic role of proactive strategies in influencing financial success. SMEs that proactively respond to market dynamics tend to experience improved financial outcomes. This finding accentuates the importance of proactiveness not only for market competitiveness but also for achieving financial objectives within the SME sector in Rivers State. Collectively, these findings offer practical guidance for SMEs in Rivers State, highlighting the significance of innovation and proactiveness in achieving success in both the market and financial domains. Policymakers and support organizations can leverage these insights to formulate initiatives that encourage and support innovation and proactive behaviors within the SME sector. Additionally, the research opens avenues for future exploration, encouraging a deeper understanding of specific strategies that contribute most effectively to SME success in this regional context.

Conclusion

In conclusion, the research conducted on Small and Medium Enterprises (SMEs) in Rivers State, Nigeria, illuminates the dynamic interplay between entrepreneurial orientation dimensions and the dual aspects of performance—market and financial. The study's comprehensive analysis revealed significant and positive relationships between innovation, proactiveness, and both market and financial performance, underscoring the strategic importance of these dimensions for SME success in the region. The significant positive correlation between innovation and market performance signals that SMEs embracing innovative practices are more likely to thrive in the competitive marketplace. This underscores the imperative for SMEs to foster a culture of innovation, invest in creative solutions, and leverage novel approaches to gain a competitive edge and enhance market success.

Similarly, the positive correlation between innovation and financial performance emphasizes that innovation is not only a driver of market success but also a strategic financial decision for SMEs in Rivers State. Investing in innovation is shown to contribute not only to competitiveness but also to improved financial outcomes, highlighting the dual benefits of innovative practices. The findings regarding proactiveness underscore its strategic importance, with positive correlations observed for both market and financial performance. SMEs that exhibit proactive behaviors, such as anticipating market trends and adapting swiftly, are positioned for enhanced competitiveness and financial success. Proactiveness emerges as a key factor in strategic decision-making, enabling SMEs to navigate dynamic market conditions and achieve success on both market and financial fronts.

These insights collectively offer valuable guidance for SMEs, policymakers, and support organizations in Rivers State. For SMEs, cultivating an environment that encourages both innovation and proactiveness can be pivotal for sustained success. Policymakers can leverage these findings to design initiatives that promote innovation and proactive behaviors within the SME sector, contributing to regional economic development. While the study provides a robust understanding of the relationships under consideration, it is essential to acknowledge its limitations. The cross-sectional nature limits the ability to infer causation, and the findings are specific to the context of Rivers State SMEs. Future research endeavors could explore these relationships longitudinally and delve deeper into specific strategies that contribute most effectively to SME success.

Recommendations

Based on the findings, the following recommendations are made;

1. Firms should design and implement initiatives to foster innovation within SMEs, including financial support, training programs, and networking opportunities.
2. Organizations should introduce targeted capacity-building programs to enhance SMEs' proactive decision-making skills and strategic adaptability.
3. SMEs should consider the introduction of specialized financial products and incentives to support SMEs' innovation initiatives, such as low-interest loans, grants, or subsidies.
4. Policy makers and government should establish platforms facilitating collaboration among SMEs within and across industries, such as networking events, industry forums, and collaborative projects.

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