

Effect of Entrepreneurial Competencies on Small and Medium Enterprises Performance in Bauchi State, Nigeria

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Abstract: *The study examined the effect of entrepreneurial competencies on small and medium enterprise performance in Bauchi State, Nigeria. The significance of entrepreneurial competencies has been amplified in the past few decades due to the strategic role played by owners of business enterprises. It is also common knowledge that the Small and Medium Enterprises (SMEs) sector has not been performing well in recent times. This has caused an increase in the rate of business failures among SMEs in the Nigerian context; likewise, large enterprises are also not spared in Nigeria. The main objective of this study is to examine the effect of entrepreneurial competencies on small and medium enterprise performance in Bauchi State, Nigeria. The study is a cross-sectional design in which data were collected through a questionnaire administered to 335 respondents, of which only 324 were successfully returned and valid. The collected data were subjected to descriptive statistics of mean and standard deviation, while hypotheses were tested using multiple regression analysis at a 0.05 level of significance. The findings revealed that an entrepreneurial mindset has a significant and positive effect on SME performance ($\beta = 0.391$, $t = 8.134$, $p = 0.000$). Also, entrepreneurial innovation has a significant and positive effect on SME performance ($\beta = 0.330$, $t = 6.554$, $p = 0.000$). The finding further revealed that entrepreneurial idea generation positively and significantly affects SME performance in Bauchi State, Nigeria ($\beta = 0.772$, $t = 10.864$, $P = 0.000$). Therefore, this study concludes that entrepreneurial competencies have a significant positive effect on small and medium enterprise performance in Bauchi State, Nigeria. The study recommended that there is a need for entrepreneurs to develop their mindset, innovation, and idea-generation skills in planning their day-to-day business activities, as this will help them to have a positive attitude to meet the changing demands of current customers in their business and increase their independence and their ability to reason beyond the immediate situation and plan for the future as a result of good thinking.*

Keywords: Competencies, effect, enterprises, entrepreneurial, performance, and small and medium

1. Introduction

The pursuit of economic development has been a major goal of many developing nations of the world. Developing countries are confronted with several problems such as high rates of poverty and unemployment which have continued to hinder the attainment of socioeconomic

development. For any nation to attain development, industrialization, and gainful and meaningful employment are important indices used as a measurement of economic development. This is often depicted by income per capita, equitable distribution of income, and the welfare and quality of life enjoyed by the citizens of that nation. Small and Medium Scale Enterprise (SMEs) has proved to be a major tool adopted by developed nations to attain socio-economic development. In recent times, the small-scale industrial sector is considered to be the backbone of the modern-day economy.

Small and Medium Enterprises (SMEs) have been given much attention in recent entrepreneurial research due to their vital contributions to the Nigerian economy (Bello, Robert & Iliyasu, 2015). For the past few decades, the significance of entrepreneurial competencies has been amplified due to the strategic role played by the entrepreneur of a business enterprise. Entrepreneurial competencies are individual characteristics including attitude and behavior, which allow the entrepreneur to achieve business performance (Endi et al., 2013).

The appearance of SMEs is very expedient, especially in developing countries like Nigeria where they assist economic growth; and improve income distribution, productivity, efficiency, and economic structure during the economic downturn (Abdullah & Manan, 2011). Small and Medium Enterprises (SMEs) have become more important for the whole world because of their flexible and compatible structures (Kayadibi et al., 2013). In a country like Nigeria, with an adverse Balance of payment situation, the growing contribution of the small-scale industries sector in Nigeria's export portfolio goes a long way in generating foreign exchange and smoothing out the adverse balance of payment situation. This is important to the economy in that a large percentage of their production inputs are sourced locally thus, reducing the pressure on the limited foreign exchange earnings and helping to eliminate some of the deficit in the balance of payment. According to Ikhrehon (2012), SMEs constitute the very basis of the national economy in terms of the development of local technology, stimulation of indigenous entrepreneurship, mobilization and utilization of domestic savings, employment creation, structural balancing of large and small industry sectors in both rural and urban areas, supply of high-quality intermediate products thereby strengthening the international competitiveness of manufacturer's goods, stimulate technological development and innovations, provide the capacity to expand export possibility and substitute import effectively. Discovery has also

shown that the expected role contribution by large-scale enterprises to the economy in terms of improvement in the GDP, employment generation, increasing local value-added, and technological development among others is resolved by SMEs (Khan, 2019).

Entrepreneurial competencies combine innovation, mindset, idea generation, problem-solving, the ability to marshal resources, establishing entrepreneurial networks, and technological knowledge (Organization for Economic Cooperation and Development, 2015). Entrepreneurial competencies, innovation, mindset, idea generation, problem-solving, and many more have continuously played a considerable role in the enhancement of businesses (Asengeand et al., 2018).

Bauchi State has put in place policies and established Enterprise and Economic Development Agencies to encourage promote and coordinate investment activities in the State to stimulate economic growth. One such developmental strategy is the industrial development and expansion of Small and Medium Scale Enterprises (SMEs). Past and present governments of Bauchi State have emphasized the contributions of the internally developed economy of the State through the encouragement of SMEs. In light of the above, this study is motivated to examine the effect of entrepreneurial competencies (i.e., entrepreneurial mindsets, entrepreneurial creativity, and entrepreneurial idea generation) and their effect on SME performance in Bauchi State.

2. Statement of the Problem

In Nigeria, SMEs provide over 90% of employment opportunities available accounting for about 70% of aggregate employment created per annum (Onwumere & Obasi, 2019). SMEs have the potential to serve as an engine for wealth creation, employment generation, entrepreneurial skills development, and sustainable economic development of Nigeria as the creativity and ingenuity of SMEs' entrepreneurism in the utilization of the abundant non-oil natural resources of this nation will provide sustainable platform/springboard for industrial development and economic growth as is the case in the industrialized and economically developed societies (Bhatt, 2014). Throughout the past few decades, the significance of entrepreneurial competencies has been amplified due to the strategic role played by the entrepreneurs of business enterprises. Oladele (2014) asserted that the Small and Medium

Enterprises (SMEs) sector has not been performing well in recent times. This has increased the rate of business failure among the SMEs; the large enterprises are also not spared in Nigeria and most of them are now relocating to neighboring West African countries, such as Ghana and the Benin Republic.

In the past, the Nigerian government through many financial institutions, has made enormous efforts through a variety of financial and nonfinancial programmes to assist small and medium enterprises. In Bauchi State, 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, financial institutions, and society at large have fronted many financial and non-financial programs to propel SMEs to better performance (Adegbite & Abereijo, 2014). Irrespective of all these efforts offered indiscriminately, the 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 drives SMEs to better performance may be more than just the financial and non-financial programs but the mindset, innovation, and idea generations of the individual entrepreneur at the helm of the particular enterprise.

To the best of the researcher's knowledge, he has not come across a study that was conducted capturing three surrogates of entrepreneurial competencies i.e. (entrepreneurial mindset, entrepreneurial innovation, and entrepreneurial idea generation). Hence, this study will be carried out to examine the effect of entrepreneurial competencies on SME performance in Bauchi State, Nigeria.

3. Objective of the Study

The main objective of this study is to examine the effect of entrepreneurial competencies on SME performance in Bauchi State, Nigeria. While the specific objectives are to:

- i. Identify the perception of respondents on entrepreneurial competencies and SME performance in Bauchi state, Nigeria;
- ii. examine the effect of entrepreneurial mindset on SME performance in Bauchi State, Nigeria;

- iii. ascertain the effect of entrepreneurial innovation on SME performance in Bauchi State, Nigeria; and
- iv. determine the extent to which entrepreneurial idea generation affects SME performance in Bauchi State, Nigeria.

4. Research Hypotheses

The following research hypotheses were formulated in null form for the study:

- Ho₁: Entrepreneurial mindset does not have a significant effect on SME performance in Bauchi State, Nigeria
- Ho₂: SME performance is not significantly affected by entrepreneurial innovation in Bauchi State, Nigeria.
- Ho₃: Entrepreneurial idea generation does not significantly affect the SME's performance in Bauchi State, Nigeria.

5. Literature review

Entrepreneurial

The word entrepreneur originated from the French word, “entrepreneur” which means “to undertake” (Akanni, 2010). In a business context, it means to start a business, identify a business opportunity, organize resources, and manage and assume the risk of a business or an enterprise. It is also used to describe those who (took charge) lead a project, which would deliver valuable benefits and bring it to completion. In other words, those who can manage uncertainty and bring success in the face of daunting challenges that would destroy a less well-managed venture. Asogwa and Dim (2016) defined entrepreneurship as an art that involves recognizing a business opportunity, mobilizing resources, and persisting to exploit that opportunity. Minniti and Moren (2010) in their view define an entrepreneur as "a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk."

Concept of an Entrepreneur

There are several definitions of an entrepreneur and rarely do scholars agree on a universal definition of any sort. Rather scholars see an entrepreneur from different perspectives, and

sometimes also reflecting a particular social milieu. The term “entrepreneur” is French in origin and translates to mean “one who takes between”. Sarwoko et al. (2013) defined an entrepreneur as one who bears uncertainty, buys labour and materials, and sells products at certain prices. He takes risks and makes innovations on factors of production. He was thus the first to recognize the crucial role of the entrepreneur in economic development. Nerison (2015) considers that the entrepreneur always searches for change, responds to it, and exploits it as an opportunity. The American Heritage Dictionary defines an entrepreneur as a person who organizes, operates, and assumes the risk of business ventures.

Concept of Entrepreneurship

Entrepreneurship is a creative process of organizing, and managing an enterprise and assuming the risk involved in the enterprise. In a similar vein, Hisrich and Peters (2012) see entrepreneurship as a process of creating something new and assuming the risks and rewards. This definition stresses four (4) important aspects of entrepreneurship: creation process – creating something new of value to the entrepreneur and customers; entrepreneurship requires the duration of the necessary time and effort; risk-taking is involved – financial, psychological, and social; and the reward needed in the form of profit, personal satisfaction, independence. Entrepreneurship is therefore about learning the skills needed to assume the risk of establishing a business; developing the winning strategies and executing them with all the vigor, persistence, and passion needed to win any game (Kuteyi, 2013). Aruwa (2016) sees entrepreneurship as the willingness and ability of an individual to seek investment opportunities, to establish and run an enterprise successfully. Entrepreneurship serves as a link pin between invention, innovation, and introduction of new products and services in the marketplace and also enables entrepreneurs to act as engines of growth in the economy (Ketchen, 2013).

Concept of Entrepreneurial Competencies

A pertinent starting point in conceptualizing entrepreneurial competencies is to first define competence. Entrepreneurial competency is defined as the individual characteristics including attitude and behavior, which allow the entrepreneur to achieve business success (Sarwoko et al., 2013). According to Man et al. (2002), entrepreneurial competencies are a set of higher-level characteristics involving personality traits, skills, and knowledge. They can be viewed as

the total ability of the entrepreneur to perform his role successfully. Moreover, Kiggundu (2012) noted that entrepreneurial competency is the total of the entrepreneur's requisite attributes for successful and sustainable entrepreneurship, including attitudes, values, beliefs, knowledge, skills, abilities, personality, wisdom, expertise (social, technical, managerial), mindset and behavioural tendencies. Entrepreneurial competencies can also be defined as the abilities of an entrepreneur to perform successful entrepreneurship or business success. Han (2016) defined entrepreneurial competencies as the capability of entrepreneurs to face effectively a critical situation by making sense of environmental constraints and by activating relational and internal specific resources.

Small and Medium Scale Enterprise Performance

Small and medium enterprises' performance is of key interest to the top management of a company. If business performance is weak, managers need to intervene to return to the path of growth. Especially in a market in which competition is increasing and globalization demands better completeness, business leaders need to pay close attention to business performance.

Watson (2010) ascertains that Market performance is a key indicator of SME success. SMEs that can attract and retain customers are more likely to survive and grow. Several factors can influence market performance, such as the quality of the SME's products or services, the SME's marketing strategy, and the competitive landscape. Suppliers' performance is also important for SME success. SMEs that can obtain the goods and services they need at a competitive price are more likely to be profitable (Riyada, 2015). Several factors can influence suppliers' performance, such as the SME's bargaining power, the quality of the supplier relationships, and the availability of suppliers. People's performance is essential for SME success (Ayyagari, 2007). Business performance relates to the effectiveness of business operations and the success of their products and services on the market. Customers will always prefer novelty products and services as a strong buying incentive. These products and services to compete in the market will require radical and continuous development. Gaining a competitive advantage is inevitably connected with innovation (Rybárová et al., 2019).

Despite various definitions of business performance in the literature, the business performance of SMEs in this study will be measured subjectively, as specified in terms of cash flow, net profit, sales growth, return on sales, return on investment, return on shareholders' equity, and operating profit.

Impact of Entrepreneurial Competencies on the Performance of SMEs in Nigeria

The performance of SMEs is influenced by the skills and the competence of the owners. The understanding of the entrepreneur's role gives a better understanding of what competencies are needed by entrepreneurs to ensure the survival of the business as well as business success. However, the role of decision-makers is to focus on the development of entrepreneurial competencies (Magdalena, 2011). Kiggundu (2012) conceptualized entrepreneurial competencies as the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise, and behavioural tendencies needed for success and sustaining entrepreneurship.

Endi et al. (2013) posited that an in-depth analysis of entrepreneurial competencies saw the competencies of entrepreneurs as having dual origins: first, components that are more deeply rooted in the entrepreneur's background (i.e. traits, personality, attitudes, self-image, and social roles) and second, components that could be acquired at work or through theoretical or practical learning (i.e. skills, knowledge, and experience). Entrepreneurial competencies influence significantly business success (Man et al., 2002), Magdalena, (2011) argued that entrepreneurial competencies as a predictor of SME performance, he further expatiated that even its influence is more strongly for stable environmental conditions as well as dynamic. Therefore, the capabilities and characteristics of the personality of those who manage businesses are regarded as one of the most powerful factors that have a positive or negative impact on performance (Zott, 2013).

Effect of Entrepreneurial Mindset on Performance of Small and Medium Scale Enterprises

A study conducted by Wanguinjeru (2012) revealed that business alertness, innovativeness, and creativity respectively played a great role in business performance and concluded that the attributes had a positive relationship with performance and significant influence on the performance of small and medium enterprises which was measured by market share, sales

growth, and number of employees. According to the author alertness is the ability to identify opportunity and innovation is introducing something new in reality whereas creativity is the ability to conceive a new idea. Innovativeness as a dimension of entrepreneurial intensity had a strong positive correlation with the performance of small and medium enterprises (Kitigin, 2017).

Alertness is the competence to identify entrepreneurial opportunities (Xu, 2020). This implies the significant application of creativity is important for achieving the target. In a holistic approach, the regression analysis of Mukiri et al. (2019) revealed that innovation had a positive and significant effect on the performance of small and medium enterprises in which innovation practices include new products, automating processes, market, unique products, and adopting technology. Ordinary least square regression analysis revealed that mindset (holistic approach) is positive and significant with annual sales that is growth in mindset increases sustainability through creativity and assuming risk (Mulindabigwi & Kayitana, 2018). In the study of entrepreneurial mindset and entrepreneurial competence as determinants of small and medium enterprises, using regression analysis Asenge *et al.* (2018) concluded that there is a positive significant effect of entrepreneurial mindset on small and medium enterprises performance. The authors employed a holistic approach but discussed parameters of innovativeness, creativity, business alertness, and risk-taking. Investigation performed by considering common dimensions such as passion, risk acceptance, action orientation, and other behavioral attributes, regression analysis concluded that there are significant relationships between entrepreneurial mindset and aspiration and small business performance and suggest that this helps owners be more market-oriented for them to survive.

Effect of Entrepreneurial Innovation on the Performance of Small and Medium-Scale Enterprises

Similarly, Rosenbusch et al. (2011) have identified several factors that affect the relationship between innovation and SME performance. They are of the view that new small and medium enterprises benefit more from innovation than mature organizations mainly due to their flexibility to accept change in their environment or industry. Keeping in view the importance of innovation in small and medium enterprises' performance, the present study focuses on Malaysian small and medium enterprises. Malaysia is one of the fastest-growing economies in

the world and is based largely on small and medium enterprises that contribute almost 33 percent to the national GDP. The importance of small and medium enterprises' growth and their sustainability cannot be overemphasized for Malaysian economic growth and development, especially in this competitive global environment.

Despite the government's focus on small and medium enterprises, researchers question the role of innovation in maintaining the growth of the Malaysian economy and the role of innovation in the overall performance of small and medium enterprises. This concern stems from Hill et al. (2012) who feared the country being a victim of a middle-income trap evidenced by the visible downfall in the growth rate since the late 1990s. The relationship between innovation and firm performance has been confirmed in both empirical and theoretical studies. For instance, Carol and Marvis (2007), examined the relationship between innovation and organizational performance of Taiwanese small and medium enterprises in the manufacturing and service sectors.

Effect of Entrepreneurial Idea Generation on the Performance of Small and Medium-Scale Enterprises

Business creation is an activity of bringing virtual ideas into real practice. While; the entrepreneurial is an outcome of the entrepreneur's efforts to conceive new products, and services and develop new ventures (Baron, 2007). The entrepreneurial comes through business creation in two situations of the business cycle (e.g., pro-cyclical and counter-cyclical) in economics i.e., recession (necessity) and prosperity (opportunity) (Fairlie & Fossen, 2018). The new business creation receives network support in exploiting opportunities to achieve entrepreneurial-leading economic development (Ribeiro-Soriano, 2017).

Certainly, entrepreneurship is creating new businesses in an uncertain environment (Neck, & Greene, 2011). Business incubators are the instruments for the creation of new businesses for achieving employment and regional development in the field of entrepreneurship (Mas-Verdú et al., 2015). Financing appears to be a critical stage in entrepreneurship as it covers several sources of debt and capital such as angel investors, venture capital, private equity, hedge funds, microfinance, and project finance, etc. (Wallmeroth et al., 2018). Women entrepreneurs are less

inclined in comparison to male entrepreneurs to finance their entrepreneurial activities from outside either by debt or equity (Leitch et al., 2018).

6. Theoretical Framework

Innovation and Creativity Theory

Schumpeter (1950) views innovation as the source of success in the market economy, a view that is reinforced by today's changing and competitive environment. An organization that is not creative and innovative cannot survive in the marketplace. Thus, entrepreneurs and enterprises are continuously creative and innovative to remain relevant to the customers, which is the purpose of every business. Drucker (1985) argued that innovation is the tool of entrepreneurship; both innovation and entrepreneurship demand creativity. Creativity is a process by which a symbolic domain in the culture is changed. New songs, new ideas, and new machines are what creativity is all about (Mihalyi, 1997). It is the ability to make or otherwise bring into existence something new, whether a solution to a problem, a method or device, or an artistic object or form. Wyckoff (1991), (Okpara 2011) defines creativity as new and useful. It is the act of seeing things that everyone around sees while making connections that no one else has made. It is moving from the known to the unknown. Culture exerts a negative force on creativity according to Pearce (1974), however, if not for creativity, culture itself would not be created. No entrepreneur or business leader, however successful and big, can continue to hold a place of leadership unless it recognizes that modern business operates in a world of galloping change which creates new problems, risks, and opportunities and for which there is a need to mobilize resources for changes to make their impact felt. To be successful, entrepreneurs should know where their firm is going and how it will get there. This in turn requires a clear definition of the organisation's business vision to continually adapt operations to the realities of the marketplace, which is the cornerstone of business survival and growth. Innovation is defined as adding something new to an existing product or process. This means that the product or process has already been created from scratch and has worked reasonably well. Then it is changed so that it works better or fulfills a different need. It is the successful exploitation of new ideas. All innovation begins with creativity. Creativity is however necessary but not a sufficient condition for innovation. This is because innovation is the implantation of creative inspiration. Creativity is also an attitude, the ability to accept change and newness, a willingness to play with ideas

and possibilities, a flexibility of outlook, and the habit of enjoying the good while looking for ways to improve it. The creative person realizes that there are other possibilities like peanut butter and banana sandwiches, or chocolate-covered prunes. Harris (1998) creative thinking is the art of generating solutions to problems by the force of imagination and reasoning (Okpara, 2011). It is an activity of the mind seeking to find answers to some of life's questions. In a dynamic and changing world, the challenges of man are also not static. They take on new forms and require a deep creative thinking approach.

Business leaders and entrepreneurs live in a thinker's world. It therefore follows that those who are ahead are those who see ahead with the eyes of their mind. People who engage their minds in resourceful thinking to generate ideas and products, which stand the test of time. Every idea is a product of thinking and every product is the manifestation of an idea naked in a thinker's mind. Those who see problems as opportunities to improve and do something new or something better are entrepreneurs with the right mindset. In making things better, the goals are usually to improve productivity and efficiency, achieve speed, enhance comfort and convenience, influence returns positively, and so much more. Whatever the goal, thinking is an indispensable tool in the life of any successful entrepreneur. Thinking begins with engaging yourself in a conversation with yourself by yourself, in yourself – thinking about thinking (metacognition). That is to reach a conviction and conclusion as to what steps to take and what strategies to employ. The place of asking the right and relevant questions in the thinking process cannot be overemphasized. Questions remain a strong tool to provoke the mind to respond to issues and discover new things. Creative thinking must, therefore, lead to the articulation of a strategy. A strategy is a way of organizing available resources to achieve results, what to do, what steps to take, the approach, the timing, and positioning, all come into play when developing a strategy. It is common knowledge that successful entrepreneurs emerge not by strength or force but by superior strategy through creative thinking.

For this study, the researcher dwelled on the innovation and creativity theory of entrepreneurship, because this theory has a direct link with the subject matter under study, the theory identifies how small and medium enterprises should be entrepreneurial innovative, not only that, it is also affirmed that entrepreneurs must not only be innovative but should also be

creative in nature. This will help provide them with enough knowledge and ideas on how to develop entrepreneurial skills and spirit to be self-employed.

Conceptual Framework

This section deals with the conceptual framework of this study. The framework was developed based on the review of extant literature. The framework is presented in Figure 1 below.

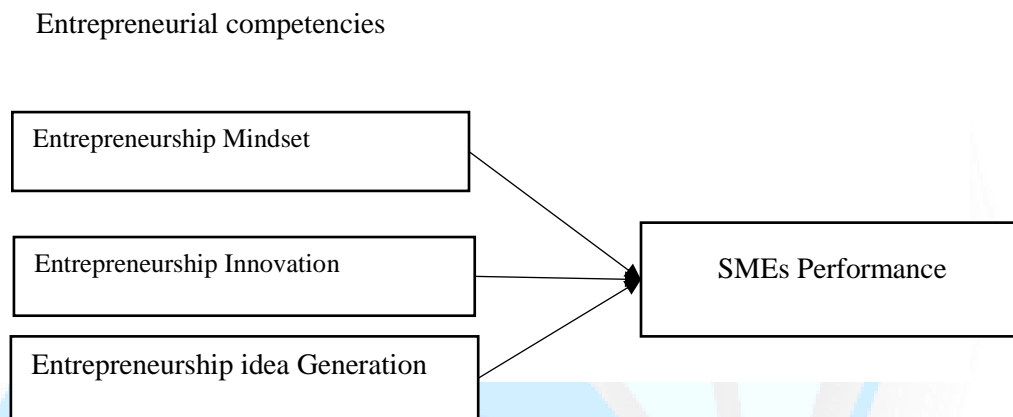


Figure 1: Conceptual Model

Figure 1 indicates the conceptual framework of this current study. Based on the framework, the entrepreneurial competencies are the independent variable of the study, which is measured by entrepreneurship mindset, innovation, and idea generation. While SME's performance represents the dependent variable of the study.

7. Empirical Review

Aliyu (2022) examined the impact of entrepreneurial competencies on the performance of SMEs with specific reference to the Zaria local government area of Kaduna state in Nigeria. The paper made use of a survey research design. The data utilized for the study was obtained from primary sources through the use of a questionnaire. Descriptive statistics was used for analysing the data, while a multiple regression technique was employed which explains the relationship between a dependent variable and two or more explanatory variables. The Statistical Package for Social Science (SPSS) version 20 was utilized for the analysis of the data. The paper revealed that skills competencies have a significant positive impact on the

performance of SMEs in Zaria local government. It is therefore recommended that Government should equip current and future entrepreneurs with skills and competencies to make them self-reliant.

Koffi et al. (2021) examine the impact of innovation types on Ivorian small and medium-sized enterprises (small and medium enterprises) Performance and Competitiveness using 250 small and medium enterprises operating in Cote d'Ivoire through a structured questionnaire. The PLS-SEM was the main analytical tool used to analyze the research findings via Smart PLS 3 and SPSS 22. Findings from this study revealed that marketing innovation, product innovation, and organizational and process innovations are the innovation dimensions that contribute to small and medium enterprises' performance and competitiveness in Cote d'Ivoire. Marketing innovation contributes more significantly to small and medium enterprises' performance; followed by product innovation; organizational innovation; and process innovation. Additionally, the study found a significant and positive relationship between competitive advantage and small and medium enterprises' performance. This implies that to remain competitive and profitable, small and medium enterprises operating in developing countries must embrace innovation and constantly seek ways to be innovative and remain relevant in the industry.

Perera and Samarakoon (2021) conducted a study on the effect of entrepreneurial orientation on small and medium enterprises' Innovation Performance in Sri Lanka using a self-administrated questionnaire, distributed to the SEM owners and collected seventy-six completed questionnaires. Descriptive statistics and multiple regression analysis were used to analyze the data. Results of the study show that OE as a whole significantly impacts innovative performance. Specifically, while the four dimensions of EO, namely, risk-taking, proactiveness, innovativeness, and autonomy, significantly impact small and medium enterprises' innovative performance. Competitiveness does not have a significant influence on small and medium enterprises' innovation performance. The study focuses only on OE that influences small and medium enterprises' innovation performance. The most significant portion of enterprises in the Sri Lankan business sector represents small and medium enterprises.

Ukpabio et al. (2021) examine the effects of innovation on the performance of manufacturing small and medium enterprises in Nigeria: An empirical study. A total of 305 samples were obtained from small and medium enterprises in the textile/leather/apparel and footwear subsector; wood/furniture and woodworks subsector; and domestic/industrial plastic and rubber subsector in South-western Nigeria. Data collected was analyzed using correlation analysis and hierarchical regression analysis. The correlation result shows that all dimensions of innovation (product, process, market, and organizational) had a significant positive relationship with firm performance including the control variable 'firm size'. However, the regression result confirmed that process innovation and organizational innovation influence small and medium enterprises' performance significantly. Additionally, product innovation had a significant impact on innovation with the exclusion of other innovation dimensions from the model, and marketing innovation had a significant impact on the performance of small and medium enterprises with the exclusion of organizational innovation from the model. Overall, innovation accounts for about 55.7% of variation in the performance of manufacturing small and medium enterprises. This implies that all dimensions of innovation, specifically process and organizational innovation are critical elements for enhancing the performance of small and medium enterprises in Nigeria.

8. Methodology

Analysis and Results

The following hypotheses for the study were tested using multiple regression statistics at a 0.05 level of significance.

- Ho₁: Entrepreneurial mindset does not have a significant effect on SME performance in Bauchi State, Nigeria.
- Ho₂: SME performance is not significantly affected by entrepreneurial creativity in Bauchi State, Nigeria
- Ho₃: Entrepreneurial idea generation cannot affect the SME's performance significantly in Bauchi State, Nigeria.

Effect of Entrepreneurial Competencies on SME Performance

Variables	Coefficient	Std. Error	T-Values	P-Values	Hypotheses
(Constant)	2.627	1.846	1.423	.156	
Entrepreneurship Mindset	0.391	0.085	8.134	.000	Rejected
Entrepreneurship innovation	0.330	0.091	6.554	.000	Rejected
Entrepreneurship idea generation	0.772	0.092	10.864	.000	Rejected
R	0.881				
R ²	0.777				
Adjusted R	0.774				
F-Stats	370.76				

a. Dependent Variable: SMEP

The result in the Table above shows that the summary of the regression model on the effect of entrepreneurial competencies on small and medium enterprises performance. The result of Person correlation shows that the bivariate relationship between dependent and independent variables is strong and positive ($r = 0.881$). The values of the coefficient of determination (R-Square) extracted from the summary of the regression model show that entrepreneurial competencies explain about 77.7% of the variation in small and medium enterprises' performance while about 22.3% are attributed to variables not included in the model of this study. The analysis of variance (ANOVA) results, which represent the goodness of fit of the model is statistically significant ($F_{3, 323} = 370.76, P < 0.05$), implying that the variables in the model have jointly predicted the small and medium enterprises performance.

The regression for the individual contribution of the independent variables as represented by the unstandardized beta-value of 2.627 indicates that one unit increase in entrepreneurial competencies accounts for a 2.627 unit increase in the level of small and medium enterprises' performance and the relationship is significant at a 1% level of significance. Hence we conclude

that there is a relationship between entrepreneurial competencies and small and medium enterprises' performance in Bauchi State, Nigeria

Ho₁: Entrepreneurial mindset does not have a significant effect on SME performance in Bauchi State, Nigeria

This hypothesis estimates the effect of entrepreneurial mindset (EM) on SME performance and the results of the regression model in the table above revealed that EM has a significant and positive effect on SME performance ($\beta = 0.391$, $t = 8.134$, $p = 0.000$). This indicates that when there is an increase in EM by a unit, SME performance is expected to increase by 0.391 units. Hence, the null hypothesis is rejected, and the alternate hypothesis which states that entrepreneurial mindset has a significant effect on SME performance in Bauchi State is accepted.

Ho₂: SME performance is not significantly affected by entrepreneurial innovation in Bauchi State, Nigeria

This hypothesis estimates the effect of entrepreneurial innovation (EI) on SMEs' performance and the results of the regression model in the table above revealed that EI has a significant and positive effect on SMEs performance ($\beta = 0.330$, $t = 6.554$, $p = 0.000$). This indicates that when there is an increase in EI by a unit, SME performance is expected to increase by 0.330 units. Hence, the null hypothesis is rejected and the alternate hypothesis which states that SME performance is significantly affected by entrepreneurial innovation in Bauchi State is accepted.

Ho₃: Entrepreneurial idea generation cannot affect the SME's performance significantly in Bauchi State, Nigeria.

This hypothesis estimated the effect of entrepreneurial idea generation (EIG) on SMEs performance and the results of the regression model in the table above revealed that EIG has a significant and positive effect on SMEs performance ($\beta = 0.772$, $t = 10.864$, $P = 0.000$). This indicates that when there is an increase in EIG by a unit, SME performance is expected to increase by 0.777 units. Hence, the null hypothesis is rejected and the alternate hypothesis which

states that entrepreneurial idea generation affects the SME's performance significantly in Bauchi State is accepted.

9. Summary of Findings

The summary of the findings of the study are:

- i. The entrepreneurial mindset has a significant and positive effect on SME performance in Bauchi State, Nigeria.
- ii. entrepreneurial innovation has a significant and positive effect on SME performance in Bauchi State, Nigeria.
- iii. The entrepreneurial idea generation has a significant and positive effect on SME performance in Bauchi State, Nigeria.

10. Conclusion

An entrepreneurial mindset has a significant and positive effect on SMEs' performance since a determination culture allows entrepreneurial attitudes and actions to flourish and focus. From the point of view of the entrepreneur, this is no longer the exclusive property of business owners but all the employees in the business. Entrepreneurial helps in creating value in services and products. It is also believed that curiosity is one of the personal characteristics and motivations that have been found to distinguish entrepreneurs from non-entrepreneurs.

In addition, entrepreneurial innovation has significant small and medium enterprises' performance. Because entrepreneurial knowledge helps in the development and growth of sustainable competitive advantage, entrepreneurs with a positive attitude are better able to meet the changing demands of current customers in their business, and the need for entrepreneurial imagination for small and medium enterprises in Bauchi has arisen all over the world. It further concludes that entrepreneurial idea generation influences small and medium-scale performance in Bauchi State. Since analogy thinking helps entrepreneurs with a clear vision and imagination about the future of the business, brainstorming encourages entrepreneurs to consider business problems from a different point of view. The scamper technique and creative thinking through testing and editing/revision make businesses successful, and employees' interpersonal strategies promote their entrepreneurial idea generation and increase market performance.

11. Recommendations

The study recommends the following to assist in alleviating the problems identified in the course of this study:

- i. There is a need for women entrepreneurs to develop their entrepreneurial mindset, innovation, and idea-generation skills to compete more effectively with men in small and medium enterprises in Bauchi State, Nigeria. Also, the government needs to empower more women to be self-reliant and establish SMEs to boost the economy of Bauchi state, Nigeria.
- ii. There is a need for entrepreneurs to develop their mindset in planning their day-to-day business activities, as this will help them to have a positive attitude to meet the changing demands of current customers in their business and increase their independence and ability to reason beyond the immediate situation and plan for the future as a result of good thinking.
- iii. There is a need for the government to support entrepreneurs who innovate new products that will promote their businesses by providing them with the necessary support and empowerment needed to effectively harness and utilize these innovations to be self-employed and promote the economy of Bauchi State, Nigeria.
- iv. Since entrepreneurial idea generation has influenced small and medium-scale performance in Bauchi State, Entrepreneurs are advised to generate more ideas that will promote their businesses through a clear vision, brainstorming, the scamper technique, creative thinking, and interpersonal strategies that, in turn, will increase sales volumes and market performance.

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