



## The Impact of Entrepreneurial Characteristics on the performance of Small and Medium-Enterprises (SMEs) in Bauchi State (2017-2020)

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### Abstract

*Small and Medium-scale Enterprises (SMEs) play a great role in the economic growth and development. Despite the roles of SMEs, their performance is determined by entrepreneurial characteristics. While empirical studies on impact of entrepreneurial characteristics with SMEs performance using Nigerian data exist, none of the studies combine achievement, motivation, locus of control, need for dominance, passion for work and risk taking/aversion determinants and their impact on SME performance. Thus, gaps in the literature exist in term of both depth of variables coverage, geographically and period of analysis in Nigeria. The objective of this study was to examine the impact of entrepreneurial characteristics on SMEs performance in Bauchi state from 2017-2020. The research design selected for this study was the survey design and data were collected through questionnaire. The data collected were analyzed through the use of descriptive statistics with the aid of SPSS. The formulated hypotheses were tested through the use of simple regression. Contingency management theory was employed in the study and viewed Small and Medium-sized Enterprises (SMEs) management from the perspective of entrepreneurial characteristic. The findings indicate that entrepreneurial characteristics have significant positive impact on SMEs' performance in Bauchi State. It means that SME owner-managers in Bauchi state possessed highly entrepreneurial characteristics such as achievement motivation, locus of control, need for dominance, passion for work and risk taking/aversion. This indicates that the more an owner-manager of SMEs possesses entrepreneurial characteristics, the higher his/her SME will perform in the areas of sales growth, customer satisfaction and profit growth. The study recommends that there is a need for combined efforts between governments at all levels and NGOs towards management training and development programmes for SMEs' owner-managers. Further studies should therefore concentrate much on how owner-managers of SMEs can improve performance using different constructs other than entrepreneurial characteristics as discussed in this research work.*

**Keywords:** Owner-manager, entrepreneurial characteristics, effective SMEs performance.

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### 1.0 Introduction

Small and Medium Scale Enterprises (SMEs) emerged as a real source of

economic growth and development of nations, because as they grow, the given economy grows and other social institutions



develop. The operational efficiency and business excellence of owners of small and medium enterprises (SMEs) are very important for the growth and sustenance of such firm (Jaeger, Matyas & Sihn, 2014). Islam, Khan, Obaidullah & Alam (2011) contended that entrepreneur characteristics are a significant factor that determines SMEs success in Bangladesh. Small and medium scale enterprises in all economies are very important to national economic growth and considerably contribute to industrial development hence researches are being carried out on how to improve their performance. In a developing economy like Nigeria, what account for largest share of employment and output are the SMEs (UNECE, 2003). According to SMEDAN (2009), SMEs play tremendous role in reengineering the socio economic landscape in Nigeria and they largely represent a stage in industrial transition from traditional to modern technology. SMEs are vital in developing the Nigerian economy for social and political role in local employment generation, balanced resources utilization, income generation, utilization of local technology (Babatope & Akintunde, 2010). Entrepreneurship is not an easy vocation, and it does not always guarantee a 100% success. There are several critical factors that must be in place to enable entrepreneurs achieve a measure of success. Entrepreneurial characteristics are those factors which can positively or negatively influence SMEs. Entrepreneurial characteristics include; educational background, managerial competency, networking, entrepreneur's age, gender and entrepreneur's marital status (Olekamma and Tang, 2016). Rasheed cited in Adegbite, *et al.*(2006) suggested that the need for achievement, creativity, initiative, risk taking, setting objectives, self-confidence

and internal locus of control, need for independence and autonomy, motivation, energy, commitment and persistence are factors that constitute entrepreneurial characteristics.

In an effort to reap the benefits of SMEs, successive administrations in Nigeria have formulated and implemented different strategies to create enabling environment for SMEs formation and growth. Towards the same direction, Bauchi state government in 2007, provided financial and equipment support for youth to establish new businesses and for the existing ones to expand as part of its entrepreneurial development programme initiative. At the end of the day, government had to abandon its commitment to the programme on the account of lack of fund because the disbursed funds were not retrieved (Ishola, 2010). A preliminary personal interview with some cooperative officers revealed that the funds could not be retrieved because virtually all the newly established ventures were closed down and the already established ones have not experienced any meaningful expansion as a result of lack of necessary entrepreneurial capacity on the side of owner-managers. So the question arises as to whether the owner-managers in the state possessed necessary entrepreneurial characteristic and to what extent has entrepreneurial characteristic impacted on SMEs performance in Bauchi state?

Many studies have been conducted on the impact of entrepreneurial characteristics on performance of SMEs. However, most of the studies are foreign based. Only few studies were conducted in Nigeria. Even the few Nigerian-based studies were mostly concerned with firm characteristics and management while few other studies associated impact of entrepreneurial characteristics with SMEs performance with



different variable and different states with less focus on Bauchi State and a period beyond 2017. Thus, while empirical studies on impact of entrepreneurial characteristics with SMEs performance using Nigerian data exist, none of the studies combine achievement, motivation, locus of control, need for dominance, passion for work and risk taking/aversion determinants and their impact on SME performance. Thus, gaps in the literature exist in term of both depth of variables coverage, geographically and period of analysis in Nigeria. Therefore this study is to fill the gaps in the literature and also help to improve the performance of SMEs in Bauchi State.

The following hypothesis was formulated to guide the study (H<sub>0</sub>) Entrepreneurial characteristics has no significant impact on SMEs performance in Bauchi state. The subsequent sections of the paper are: section (ii) which discussed literature review, then section (iii) discussed research methodology. Data analysis, result and findings are the trust of section (iv), then section (v) finally discussed conclusions and recommendations.

## **2.0 Literature Review**

### **2.1 Small and Medium Enterprises (SMEs)**

SMEs is one of the areas that are currently receiving academic and policy attentions but up to now differentiating various scales of business from another such large, medium, small and micro defies universal definition (Luper & Kwanum, 2012). Researchers and other interested parties have looked at the issue base on some specific criteria such as value added and value of assets (Adebayo, Balogun, & Kareem, 2013), and annual sales and number of employees (Amboise & Muldowney, 1988). In India, Ministry of Micro, Small and Medium Enterprises defined them in the Manufacturing sector

based on investment in plant & machinery. Small: Rs. 2.5 to Rs. 50 million and medium: Rs.50 to Rs.100 million. In the service sector they were defined base on investment in equipment with Micro: less than Rs. 1 million; Small: Rs. 1 to 20 million and medium: Rs. 20 to 50 million (Ravi, 2009).

In Nigeria, CBN defined the SMEs on the basis of total asset and number of employee (Chendo, 2013). Nevertheless, the National Council on Industry cited in Egbetokun, Siyanbola, Olamide, Adeniyi, and Iren (2008) defined micro business as a business whose total cost, including working capital but excluding cost of land, is not more than ₦1 million and a labour size of not more than 10 workers, while Small is a business whose total cost, including working capital but excluding cost of land, is over ₦1 million but not more than ₦40 million and a labor size of between 11 and 35 workers. Also, the Department of Business, Enterprise and Regulatory Reform (DBERR) cited in (Apulu, Latham, & Moreton, 2011) defined them based on number of employees: Small business with 10-49 employees; medium business with 50-249 employees; and large business with over 250 employees. Oboh, sited in Uchenwamgbe(2013) defined SMEs as any enterprise that has an asset base of between ₦50,000 to ₦400 Million excluding cost of land and working capital. SMEDAN(2012) defined them based on employment and total asset excluding cost of land and buildings as: Small enterprises 10 to 49 employees or ₦5 million to ₦50 million and Medium enterprises 50 to 199 employees or ₦50 million to ₦500 million. Based on the above review it appeared that even in Nigeria there is no consensus on the definition of SMEs, but they were defined along three dimensions: in terms of either



employment or investment, or the combination of the two. This study adopted SMEDAN (2012) definition because of its recency and relation with the population of the study. Thus, any enterprise with capital base worth ₦5 million and below ₦500 million or has a number of employees up to 10 and below 200, was regarded as an SME. SMEs in Nigeria operate in different sectors of the economy: the SMEs consist mainly of those engaged in the distributive trade which constitute about 50% of the SMEs, 10% are in manufacturing, 30% in agriculture and 10% in services (Olutunla & Obamuyi, 2008).

## **2.2 SMEs Performance**

Various measurement parameters of SMEs performance were used and advanced by researchers in the field with each more appropriate and convenient at a particular time or situation. Performance should be measured in term of output especially when the population consists of manufacturing firms only (Adebayo, *et al.*, 2013; Luper & Kwanum, 2012; Obokoh, 2008). But organizational goal achievement should be the main yardstick of measuring the degree of SMEs performance (Owoseni & Adeyeye, 2012), therefore, a good measurement of SMEs' performance should be able to consider the goal of the owner or a policy designed to promote the sector in the areas of some specific results such as output and profitability (Marr & Schiuma, 2003). On the other part, Ehinomen and Adeleke (2012) suggested the combination of increase in branches, capital, number of employees and profit. While normative models for measuring performance cover financial perspective, customer perspective, business-process and innovation and learning perspectives (Mattila & Ahlqvist, 2001). This perspective covers

wider coverage of performance measurement, although less objective.

A performing SME in any or the combination of any two or more of the above perspectives, always evolves from one scale to another while non-performing one devolves. Researchers in the area of SMEs have found a series of stage-models that indicate how they move from one stage to another as it grows. Filley, House, and Kerr cited in Amboise and Muldowney, (1988) developed cell division model which drawn a parallel between organizational growth and the growth of an organism through cell division. Greiner (1972) developed metamorphosis model based on the expansion of the organization. The cell division model focuses on changes in degree, whereas the metamorphosis model focuses on changes in kind.

Although the models were slightly different from one another, some stages that are common to all are: Business conception (pre start-up), then established (start-up) and then transition stage in which it will either expand from a micro scale to a small scale, to a medium scale, and to large scale before reaching maturity or contract back from one scale to another. These additional stages are period of survival where a business struggles to achieve sustainable profitability, operation expansion and growth, increased market share, discover new market, introduce new or modified product, develops employees and improve all other performance indicators (Mazzarol, 2005). Although successful growth within the small business sector is contingent upon many factors, the most important is arguably the attitude of the owner-manager. The owner-manager is likely to be the most important asset of the little firm because he provides all its managerial skills, direction and financial capital. At each stage of the



process the small firm can grow, stagnate or even die. In the initial stages of formation and survival the owner-manager largely focuses on keeping the business alive and must find new customers and maintain sufficient cash flows to pay running costs.

### 2.3 Entrepreneurial Characteristics

Entrepreneurial characteristics are among the factors that can influence SMEs performance. Rasheed cited in Adegbite, *et al.*(2006) suggested that the following are the most relevant: need for achievement, creativity, initiative, risk taking, setting objectives, self-confidence and internal locus of control, need for independence and autonomy, motivation, energy, commitment and persistence. According to Olekamma and Tang (2016), Factors that constitute entrepreneurial characteristics are as follow:

**a. Educational Background:** There is existing positive relationship found between higher educational qualifications and business growth (Kozan, Oksoy, and Ozsoy, 2016). Education helps to enhance communication skills, improve skills and foresight. These skills enhancement are positively associated with presenting a credible case for a loan to a banker at the time of preparing a loan proposal and therefore convince the banker during the client interview (Kungu, 2011). Past study has probed the way managerial educational level influences access to debt finance from banks. A research conducted by (Kumar and Francisco, 2005) finds out that high educational level of firm's manager/owner influence easy accessibility to financial service in Brazil. They also discovered that university graduates had fewer challenges to raise finance from banks. The researchers gave interpretations for their findings. They stated that high

educated firms' owner/managers have the ability to provide strong business plans and positive financial information and they are capable to maintain and sustain cordial relationship with commercial banks compared to less educated ones. Most of the educated entrepreneurs have skills to manage other business functions includes human resources, finance, marketing, and these skills results to high business performance, hence helps those firms to have access to credits without many difficulties. Thus, there is a positive association between education background and the performance of SMEs.

**b. Managerial Experience:** Hisrich and Drnovsek (2009) pointed out that managerial experience, knowledge and startup experience of the business positively influence firm' performance. Firms' owners with previous experience are more likely to avoid some costly mistakes than those ones with no prior experience; hence they are better placed in accessing credits. In Nigeria, lack of management skills is also major challenges to the survival of SMEs, this lack of managerial skills effect SMEs in getting finance from commercial banks. Thus, managerial experiences and the performance of SMEs are significantly related.

**c. Networking:** Atieno (2009) observed that networks can also be used as the solutions to overcome the challenges of access to limited resources and markets. Networks can help to provide information, advice and capital to SMEs. Small firms being associated with a trade union, professional bodies or other social associations such as societies and clubs, may influence easy accessibility to debt



finance. There is evidence that good relationship between SMEs and banks can minimize information asymmetry constraint and reduce loan interest rates. Thus it is hypothesized that networking positively influences SMEs performance.

**d. Gender:** Previous researches revealed that gender of firms' owner can influence the capital structure choice of firm. Abor, (2008) argues that discrimination and risk aversion are also reasons that effect women-owned firms on access to debt finance. Orser, (2006) expressed that a firm managed by female is less likely to have access to bank finance. This suggests that the banks claim that female-owned enterprises create more risks than the male counterpart. Thus, it is hypothesized that gender has positively impact on the performance of SMEs.

**e. Firms' Owner Age:** Nakano and Nguyen (2011) states that age determines firm's owner/manager choice of either being user or non-user in the financial market. This is because some age groups tend to prefer and act differently than other age groups. Older firms' owners don't want to use external finance from banks because they commonly appear to create a risk to them. Old age entrepreneurs are perceived as non-dynamic and non-innovative. Banks also perceived that young entrepreneurs are more innovative and good performers, but with risky portfolio (Ogubazghi and Muturi, 2014). Nguyen and Luu (2013) pointed out that age highly influences on firms' ability to access banks credits. From above discussion we can conclude that firm's owner age has positive significant on the performance of SMEs.

**f. Entrepreneur's Marital Status:** Sekaran and Bougie (2013) states that in Jamaica, married status has an influence on the financial success of small business owners, because they exhibits respect, higher, social status, and important networking capabilities representative of social capital. Sekaran and Bougie (2013), also observed that married status was expected to create more social capital advantages in the availability of resources for the small business owners than unmarried ones. In above discussions, we observed that married status is important in impacting positively on SMEs.

#### 2.4 Review of Empirical Studies

Acharyaa, *et al.*(2007) conducted the same study in India, using the same method on SMEs and arrived at the same result. Rao, *et al.*(2013)studied the relationship between entrepreneurial characteristics and success of women entrepreneurs operating fashion and apparel enterprises in India, using questionnaire on 291 micro, small and medium scale enterprises; an output of SPSS software for comparing the means of the entrepreneurial characteristics and success of women entrepreneurs shows that risk taking, dream desire and desire for independence were associated with successful women entrepreneurs.

Adegbite *et al.*(2006) studied the impact of entrepreneurial characteristics on the performance of manufacturing SMEs in Nigeria using data collected through questionnaire from 100 SMEs and analyzed using descriptive statistics and inferential statistics, but the results showed that 7 out of the 10 entrepreneurial characteristics of the respondents made negative impact on financial performance. A study of entrepreneurship culture among Nigerian university students, Adejimo and



Olufunmilayo(2009)found that teaching entrepreneurship boast the entrepreneurial morale of young graduates that already possessed the entrepreneurial characteristics. A more general study on Nigeria educational policy and entrepreneurship found technical and vocational training centers as a helper for young entrepreneurs to recognize their self being (Aladekomo, 2004). In a study of women entrepreneurship in Nigeria, Okafor and Mordi(2010) found that entrepreneurial characteristics in the areas of taking risk, tolerance for ambiguity, creativity and Innovativeness, independence, self-confidence and internal Locus of control have no significant relationship with environmental factors such as family background. Awogbenle and Iwuamadi(2010) established enterprise education, experiential programs and enterprise development as factors that provide an individual with characteristics that will enable him to establish and run business.

Having reviewed the above studies, all the studies conducted have been able to establish the significance of entrepreneurial characteristics on the performance of SMEs. Although most studies conducted covers entrepreneurial characteristics on the performance of SMEs in other countries. Only few studies focused on Nigeria. This study was conducted to purposively assess the impact of entrepreneurial characteristics on the performance of SMEs with focus on SMEs in Bauchi State, North East Nigeria.

Beside, most of the above mentioned work uses other parametric tool of hypothesis testing which this study uses regression analysis for data analysis and interpretation. The theoretical framework also differs with the works examined above. It has a different theoretical contribution where Contingency Management Theory was adopted.

Geographically, most of the studies were conducted outside Nigeria, whereas this study focused on Bauchi State, North-East Nigeria.

### **2.5 Contingency Management Theory**

This study was based on the Contingency Management Theory. The theory looked at business management from the perspective of entrepreneurial characteristics, and then looked at the effectiveness of these managerial constructs on business performance. The situational or contingency theory argued that when managers make a decision, they must take into account all aspects of the current situation and act on those aspects that are keys to the situation at hand. Basically, it is the approach that is based on “it depends”. In the same vein, Islam and Hu (2012) advanced that contingency theory is an approach to the study of organizational behavior in which explanations are given as to how contingent factors influence the design and function of organizations. This approach is not decisive as to what particular course of action a manager should pursue; rather it depends on aspects of the current situation that exist. Entrepreneurial characteristics such as: achievement motivation, locus of control, need for dominance, passion for work and risk taking/aversion enable an owner-manager to motivate, set goals, objectives, develop alternatives, make decisions for his business, allocate resources and motivate actions. Thus, managing based on parameters of the situation explained the behavior of an entrepreneurial manager’s behavior

### **3. Methodology**

The study is cross-sectional in nature where data were collected from the population of the study using survey questionnaire and analyzed to report the finding at a point in time. Thus, the study is not subjected to



timeframe. The questionnaire was divided into two sections and all the questions are in close ended form. Section one asked questions about the entrepreneurial characteristics while section two consists of questions on SMEs performance. Level of agreement to the statements in section one indicates the level of entrepreneurial characteristics and level of disagreement indicates the level of lack of entrepreneurial characteristics while in section two, level of agreement indicates level of performance and level of disagreement indicates the level of lack of performance.

### **3.1 Research Population**

The population of the study is the 545 SMEs in Bauchi State. This is the result of a Collaborative Survey by National Bureau of Statistics (NBS) and SMEDAN of 2012. It was obtained from Bauchi State Ministry of Commerce and it is the latest information the ministry has about the number of SMEs in the state. Therefore, the actual informants of study were 545 owner-managers of these SMEs.

### **3.2 Sample Size and Sampling Technique**

The sample size of the study was determined using Yamane formula cited in Israel (2013) as 231. For the purpose of increased representation 30% (70) was added to the above minimum sample size given by the formula to make it 301 (Israel, 2013). This took care of other unavoidable errors such as incorrect filing and failure of some respondents to return the questionnaire.

These 301 owner-managers were drawn from 20 LGs of the state. The state is divided into 3 senatorial zones. 2 LGs were selected from each senatorial zone of the state based on stratified sampling technique. These 2 LGs were selected from each zone on the bases of one LG with high concentration of SMEs and one LG with low concentration of SMEs thus: Bauchi and

Dassrepresent south; Misau and Dambam represent central and Katagum and Shira represent north.

### **3.3 Measurement of Variables**

Entrepreneurial characteristics was determined in the areas of achievement motivation, locus of control, need for dominance, passion for work and risk taking/aversion (Acharyaa, *et al.*, 2007; Adegbite, *et al.*, 2006). It was measured using adapted items from Acharyaa, *et al.* (2007) questionnaire of measuring entrepreneurial characteristic on 5 point Likert scale as strongly disagree (1), disagree (2), undecided (3), agree (4) and strongly agree (5).

SMEs performance was measured on Apolot (2012) questionnaire items that focus on the areas of sales growth, customer satisfaction and profitability on 5 point Likert scale as strongly disagree (1), disagree (2), undecided (3), agree (4) and strongly agree (5).

### **3.4 Validity and Reliability of Instrument**

The validity of the adapted instruments was obtained through the panel of two experts. They rated each scale item in terms of its relevance to the construct. The items were rated on 4-point ordinal scale: not relevant, somewhat relevant, quite relevant and highly relevant. Then, Content Validity Index (CVI) for each scale was computed as cited in Polit and Beck (2006) as follows:

CVI = Number of items rated quite relevant and highly relevant in a construct by both rater

Number of items in a construct

All the items under entrepreneurial characteristics, were rated quite relevant and highly relevant, therefore its CVI was 1.00. All the items of SMEs' performance were rated quite relevant and highly relevant; therefore, it has 1.00 CVI.





Therefore, all the scales met the minimum validity of 0.80 (Polit & Beck, 2006).

The reliability of the questionnaire was obtained through a pilot study on a pilot sample. The reliability statistics using Cronbach Alpha during the pilot were: 0.726

for entrepreneurial characteristics, and 0.805 for SMEs' performance.

The internal consistency of the scales was maintained in the actual data, also with the application of the Cronbach Alpha Coefficient as in the table below.

**Table 3.1: Reliability Result**

Variable	Operationalization	Number of Items	Cronbach Alpha
Entrepreneurial Characteristics	Achievement motivation	9	0.917
	Locus of control		
	Need for dominance		
	Passion for work		
	Risk taking/aversion		
SMEs Performance	Sales growth	11	0.942
	Customer satisfaction		
	Profit		

**Source:** Questionnaire, 2014

The table 3.1 above displays the reliability coefficients for all the constructs used in the study. All alpha reliabilities for all scales were above 0.70, therefore meeting acceptance standards for research (Cortina, 1993).

**3.5 Techniques of Data Analysis and Justification**

The data of this study were analyzed first using descriptive and inferential statistics. The descriptive statistics were used to determine the level of application of managerial constructs and the level of SMEs performance in Bauchi state. The data fulfilled the normality assumption through normality test. It was then run on simple linear regression analysis to test the hypotheses about the impact of entrepreneurial characteristics on SMEs' performance with Statistical Package for Social Science (SPSS) version 18.

**4. Data presentation and analysis**

**Table 4.1: Summary of the Responses**

Item	No of Copies	Percentage %
No	of 301	100

Questionnaire Distributed		
No of Returned Questionnaires	266	88
No. of Correctly Filled Questionnaires	237	79

**Source:** Researcher's calculation

The total of 301 copies of questionnaire was distributed and 266 (88%) were retrieved. Data screening was carried out on 266 out of which 237 (79%) were found to have been correctly filled. Thus, the analysis was based on 237 filled and returned questionnaires which represent the 79% of the total questionnaires distributed.

**4.1 Data Presentation and Descriptive Analysis**

The rule of this analysis is that any mean response of 1-2.49 (below average) would be considered as lack of performance; exactly 2.50-3.49 (average) would be considered average performance and above 3.50-5.00 (above average) would be considered as high performance.



Table 4.2: Descriptive Statistics of the Computed Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Entrepreneurial Characteristics	237	1.00	4.63	3.7009	.71254
SMEs Performance	237	1.18	4.36	2.4342	.62803
Valid N (listwise)	237				

Source: Questionnaire, 2014

Table 4.2 showed a mean response above average (2.50-3.49) against the computed value of responses to entrepreneurial characteristics; this indicates that SME owner-managers in Bauchi state highly possessed entrepreneurial characteristics. The mean response of the computed value of responses to SMEs performance is below average (2.50-3.49); this indicates that SME

owner-managers in Bauchi state are not adequately performing.

4.2 Test of Hypothesis

The following hypotheses were tested at 5% level of significance and the decision rule is that, if the t-value is less than the critical value, the hypothesis will be accepted and if equal or greater than the critical value, it will be rejected.

Table 4.3: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.491	3	16.830	74.699	.000 <sup>a</sup>
	Residual	52.497	233	.225		
	Total	102.988	236			

a. Predictors: (Constant), ES, MC, OC

b. Dependent Variable: BP

Source: Questionnaire, 2014

The F-statistics test the fitness of the model of multiple regressions specified for this study, where SMEs performance was expressed as the function of entrepreneurial

characteristic. Table 4.3 shows that the model is significant at 1%, hence reliable for making conclusions and recommendations.

Table 4.4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.134	.195		-.687	.493
	EC	.634	.044	.684	14.532	.000

a. Dependent Variable: BP

Source: Questionnaire, 2014

Table 4.4 shows a p-value of 0.000 which is less than 5% against entrepreneurial characteristic (EC), Therefore, we reject the first hypothesis (H<sub>0</sub>) which stated that

entrepreneurial characteristic has no significant impact on SMEs performance in Bauchi state.

4.3 Findings



The mean analysis of the entrepreneurial characteristics in table 4.2 showed that the mean responses of SME owner-managers in Bauchi state fall above the average. This indicates that SME owner-managers in Bauchi state possessed highly entrepreneurial characteristics such as achievement motivation, locus of control, need for dominance, passion for work and risk taking/aversion.

The objective of this study was to examine the impact of entrepreneurial characteristics on SMEs performance in Bauchi state. The findings indicate that entrepreneurial characteristics have significant positive impact on SMEs' performance. This indicates that the more an owner-manager of SMEs possesses entrepreneurial characteristics, the higher his/her SME will perform in the areas of sales growth, customer satisfaction and profit growth. This finding is supported by Gupta and Govindarajan (1984) in India, Rimoli, *et al.* (2005) in Brazil, Acharyaa, *et al.* (2007) in India, Reulink, (2012) in Netherland, Rao, *et al.* India (2013) and Darmanto, *et al* (2014) in Indonesia and contradicted Adegbite *et al.* (2006) in Oyo state, Nigeria.

## **5. Conclusions and Recommendations**

### **5.1 Conclusions**

The conclusions of the study were drawn based on the research question and hypothesis. The study indicates that entrepreneurial characteristics have significant positive impact on SMEs' performance. The finding also suggested that achievement motivation, locus of control, need for dominance, and passion for work and risk taking/aversion are important contributors to SMEs' performance in Bauchi state. Therefore, this study concluded that possession of entrepreneurial characteristics by an SME owner-manager

leads to higher SMEs' performance in Bauchi state.

### **5.2 Recommendation**

Since the result shows a mean response above average and against the computed value of responses to entrepreneurial characteristics; it indicates that SME owner-managers in Bauchi state highly possess entrepreneurial characteristics than performance. Thus, responses to SMEs performance were also below average indicating that SME owner-managers in Bauchi state are not adequately performing too. However, the research findings established that entrepreneurial characteristics have significant positive impact on SMEs' performance in the state, there's a need for combined efforts between governments at all levels and NGOs towards management training and development programmes for SMEs' owner-managers. Further studies should therefore concentrate much on how owner-managers of SMEs can improve performance using different constructs other than entrepreneurial characteristics as discussed in this research work.

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