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Effect of Entrepreneurial Innovation and Entrepreneurial Action on SMEs Growth and Economic Development in Nigeria

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Abstract
The main objective of this study is to examine the effects of entrepreneurial innovation (EI) and entrepreneurial action (EA) on SMEs Growth and economic development in Nigeria. Data were collected from the SMEs owners-managers operating in the Kaduna State of Nigeria using a cross sectional research design from a population of 2,882 SMEs. The study distributed 353 questionnaires, collected 329 and used 267 questionnaires for the final analysis using PLS-SEM to test the hypotheses. The study found that EI and EA influenced the SMEs Growth which hitherto effects the economic development in Nigeria. The finding shows that EI and EA significantly improved SMEs firm accessibility to more customers and increase market potentials and opportunities. Therefore, the finding of this study provides important insight into owners-managers, policymakers, and researchers to further understand the impact of growth strategies on SMEs towards economic development. It is also important to note that higher concentration on EI may result in excessive product competition. While over-concentration on EA may enhance innovations and reduce the cost of operation as increases in growth, imply a faster achievement of economic growth and development.

Keyword: *Entrepreneurial Innovation, Entrepreneurial action, SMEs Growth, and economic development.*

Introduction

The growth of SMEs become a paramount phenomenon in all economies of the world. In fact, their survival essentially depends on their power to participate in the market and decreases the possibility of closure (Rauch & Rijskik, 2013). It's inevitable that a firm's capacity to produce innovations has been suggested to be crucial for its success (Nazri, Aroosha, & Omar, 2016; Saunila, Pekkola & Ukko, 2013), more so, forward the economy by underscoring the diversity of products and services. This conception of growth phenomenon idea had been widely analyzed within entrepreneurship. In this view, the mobility of country-wide factors of production must be provided homogeneously for achieving income equality, healthy growth, minimized poverty and economic progress (Mundell, 1968). Such that production factors are considered to be a tool of economic growth and development superiority (Bünyamin & Mesut, 2017).

Essentially, growth served as geographical expansion, an increase in the number of branches, inclusion of new markets and clients, an increase in the number of products and services (Brush, Ceru, & Blackburn, 2009). However, Achtenhagen, Naldi, & Melin (2010) researched entrepreneurs´ ideas on growth and reveal growth as an increase in sales, an increase in the number of employees, an increase in profit, an increase in assets, increase in the firm's value and internal development. Such that internal development referred to as the entrepreneurial action, for instance, development of competencies, potential opportunities, organizational practices inefficiency and uncertainty. This implies that growth is a gradual, non-instantaneous and constant process and is a fact that, there is no agreement in measuring growth.

As is known, production factors consist of an entrepreneur, and thus, the entrepreneurial ability to innovate and take crucial action can be a determinate influence of SMEs growth. In fact, it was argued by Brush et al. (2009) that, growth is above all a consequence of certain dynamics built by the entrepreneurs to construct and reconstruct constantly, taking risk and uncertainty but based on the assessment made on their firms and on the market. SMEs operate in niche markets and rely on a small number of customers (Appiah-Adu & Singh, 1998). Their relationships with customers tend to be closer, more personal and takes regard for customer interests (Didonet, Fearne, & Simmons, 2019; Jack, Moult, Anderson, & Dodd, 2010; Moreno & Casillas, 2008). As a consequence, the complexity and need for entrepreneurial innovation associated with entrepreneurial action towards optimising needs of customers, and markets tend to be studied.

Several studies (e.g Leitch Hill, & Neergaard 2010; Clarke et al. 2014; Brenner & Schimke, 2015) assess the possibility of different ideas of growth and emphasized that further studies with different types of entrepreneurial element may explain the meaning of growth, for those entrepreneurs who are desirous for growth and those who already experienced growth (Machado, 2016). On one hand, the consequences of the growth of small enterprises, the idiosyncrasies and heterogeneity, and in the point of view towards economic rationality can be looked into different types of entrepreneurial study for instances, entrepreneurial innovation and entrepreneurial action that would elucidate the SMEs growth leading to economic development in emerging economy, like Nigeria.

However, Brian Levy (1993) observed that SMEs have a positive force in economic growth and development because of the economic contribution of the new ventures. He stresses further by summarizing the importance of SMEs to include ensuring rapid development, increased utilization of local resources and provision of a training ground for indigenous managers and semi-skilled workers, reduction of the rural-urban drift, development of indigenous technology and raising the living standard of rural dwellers and so on. In fact, SMEs account for the economic development in most developed economies of the world today (OECD, 2019). It has helped in the balance of payment position of countries; also it reduces over-dependence on inputs relative to their capital investment (OECD, 2017; Muritala, Awolaja, & Bako, 2012).

This narrative above is a fact, but looking while in Nigeria, the economy is characterized by heavy dependence on oil, low agricultural production, and low utilization of industrial capacity, high inflation rate, high unemployment, and lack of industrial infrastructural base (Aminu, Adamu & Ibrahim, 2018). These constraints limit the rate of growth of entrepreneurial activities in Nigeria. Hence, this paper seeks to examine Entrepreneurial Innovation and Entrepreneurial Action as a veritable tool on Small and Medium Enterprises Growth towards Economic Development in Nigeria. The purpose of this study is to come up with a set of potential determinates that affect the adoption of an entrepreneurial phenomenon that influences SMEs growth and leads to economic development in Nigeria. Such an approach will help understand the instance of growth, decreasing the gaps indicated in the build-up of this study.

Literature Review and Hypotheses Development

According to Penrose (2006), growth is the product of an internal process in the development of an enterprise and an increase in quality and/or expansion. Meaning that growth is seen as a change in size during a determined time span" (Dobbs & Hamilton, 2007). However, Davidsson, Achtenhagen, and Naldi (2010) reported that growth may be related to new markets, especially in the case of technology firms, with reference to diversification. They are also of the opinion that growth may occur alternatively as the integration of part of the value chain, a sort of vertical growth, or when a firm introduces itself within a market not related to the technology in which it works, which would be a non-related diversification. In addition, SME development can contribute to economic diversification and resilience. This is especially relevant for resource-rich countries that are particularly vulnerable to commodity price fluctuations (OECD, 2017).

Furthermore, growth may be related to the combination of market-product by entrance into the market. This is because, Brush et al. (2009) define growth as geographical expansion, increase in the number of branches, inclusion of new markets and clients, increase in the number of products and services, fusions and acquisitions. Nonetheless, entrepreneurs are not the sole vectors since there are many other agents involved, such as clients, agencies, suppliers, and others. In fact, growth is a "socially constructed factor" (Leitch et al., 2010 p 250), and also involved a typical characteristics (Bocconcelli et al., 2018). According to Penrose (2006), frontier progress in the milieu or expansion is the product of a constant dynamism since growth intentions change as a result of constant evaluations and re-evaluations that entrepreneurs make as agents.

However, the difficulty in analysing the firm´s growth at the precise moment should be underscored (Mckelvie & Wiklund, 2010). It is easier to investigate the antecedent factors that affect growth and the consequences of growth (Leitch et al., 2010) and more difficult to investigate growth dynamics or the manner firms grow (Mckelvie & Wiklund, 2010). In other words, investigating the potential effect of intangible resources like entrepreneurial innovation and actions in SMEs is the key to growth in both micros (firm based) and macro (economy) levels. Therefore, in this regard, this study intends to look at SMEs growth with the

following dimension geographical expansion, increase in the number of branches, inclusion of new markets and clients, increase in the number of products and services. And those antecedent factors such as entrepreneurial innovation and entrepreneurial action.

SMEs Growth leading to Economic Development

Small and medium scale enterprises play an important role in terms of growth and development of an economy. This is due to the fact that creation, sustenance, and growth of SMEs is believed to be the key ingredient for the development of many sectors of an underdeveloped economy (Aminu, et al., 2018). Some previous studies link SMEs growth and economic performance of countries (see Kadiri, 2012; Taiwo, Ayodeji & Yusuf, 2012; Ufot, Reuben, & Baghebo, 2014; Nagaya, 2017; Aminu et al., 2018). Nevertheless, this study argue that entrepreneurial innovation and actions play the role of SMEs growth which lead and promote economic development particularly in job creation, income redistribution, poverty reduction and maintaining a healthy economy (Beck, Demirguc-kunt & Levine, 2005), and act as a catalyst for sustainable development of a national economy (Chinweuba & Sunday, 2015; Vijayakumar, 2013). This is by geographical expansion, an increase in the number of branches, inclusion of new markets and clients, an increase in the number of products and services (Tehseen, Ahmed, Qureshi, Uddin & Ramayah, 2019). Nonetheless, it's an indication of SME participation in the transition to more sustainable patterns of production and consumption as crucial for economic development.

According to Aminu et al. (2018), the decay of infrastructural facilities especially power has negatively affected the performance, growth, and development of SMEs in Nigeria over the years. Many other factors like low agricultural production and low utilization of industrial capacity, high inflation rate, and high unemployment affect immensely. However, boosting SME potential for participating in and reaping the benefits of a globalized and digital economy depends to a great degree on the conducive framework of entrepreneurship conditions towards healthy competition. Thus, due to constraints internal to the firm, SMEs are disproportionately affected by market failures and barriers and inefficiencies in the business environment (Abebe, 2014; OECD, 2017).

However, theoretical and empirical evidence has not been able to strongly accept the hypothesis that SMEs are a major source of economic development and growth (Prabhu, 2019; Naude, 2013). In this regard, its leveraging on three "grand" ideas in development economics according to Naude (2013), thus, development requires a structural information of what, how and where production and consumption takes place, that is by following the law of production of goods and services, where low-value-added, low productivity and rural-based activities are transformed to higher value-added activities in services and manufacturing located in cities. Nevertheless, development is a multi-dimensional concept that requires more than just the eradication of income poverty, and also looking at market failures which are prevalent so also the state which has an important coordinating and regulatory role to play in development".

This effect of development in SMEs activities has spawned the volume of empirical studies trying to ascertain the nexus between their activities and general performance to the economy. Many studies (see, Taiwo, Ayode, & Yusuf, 2012; Kaigama, Talib, & Ashari, 2016; Nagaya, 2017) have looked into the relationship between SMEs and economic development and came up with different results which call for further investigation, particularly in the area of entrepreneurship activities i.e. those that move the SMEs to achieved this growth. This implies that SMEs are a vital instrument for promoting growth towards development, strengthen their contributions to economic development and social well-being, by creating opportunities to scale up, accelerating innovation, facilitating spill-overs of technology and managerial know-how, broadening and deepening the skill-set, and enhancing productivity. However, the willingness and capability of SMEs to achieve sustainable growth and seize business opportunities often face size-related constraints or lack of entrepreneurial innovation and entrepreneurial action limitations. However, from the extant research, no link is found between entrepreneur innovation and entrepreneurial action on SMEs, growth towards economic development.

H_{01a}: There is no significant relationship between SMEs, growth and economic development

H_{01b}: SMEs growth does not intervene in the relationship between entrepreneurial innovation, and economic development.

H_{01c}: SMEs growth does not intervene in the relationship between entrepreneurial action and economic development.

Entrepreneurial Innovation and SMEs Growth

The effect of entrepreneurial innovations on the growth of SMEs sector would be more complex and different from many sectors of the economy (Liu, 2011; Rajapathirana 2017), due to intangibility, perishable, inseparability, and variability. This is a fact, because, entrepreneurial innovation for instances, the idea generation on provision of a new product or service, a new production process, or a new structure or administrative system (Hult et al., 2004) are often the driving force behind the sort of radical innovations that are important for growth particularly for SMEs. But not all SMEs are innovative, since they can work outside of dominant paradigms, for example exploiting technological or commercial opportunities that have been neglected by more established companies or enable the commercialisation of knowledge that would otherwise remain less commercialised (Baumol, 2002; OECD, 2010).

Essentially, for instance, SMEs account for about 20% of patents rights, in biotechnology-related fields in Europe (Eurostat, 2014). SMEs also contribute to value creation by adopting innovation generated elsewhere, and adapting it to different contexts through incremental changes, and by supplying new or niche products which respond to diverse customer needs (OECD, 2017). They also contribute to serving locations that do not have a large enough scale to attract larger firms. Small businesses can also represent an effective tool to address societal needs through the market and provide public goods and services. This is the case of social enterprises, which bring innovative solutions to the problems of poverty, social exclusion, and

unemployment, and fill gaps in general-interest service delivery (EU/OECD, 2016). Thompson et al., (2013) are with the opinion that, the common belief is with the innovative orientation which will potentially increase the growth of SMEs. It's mainly because of the entrepreneurial ability to generate ideas and knowledge from new technology.

With this in mind, over the past few decades, many studies are trying to find the relationship between entrepreneurial innovation and performance particularly growth. Researchers have used a different kind of growth indicators to analyse SMEs development, for example, Sarmah and Singh (1994) stated that an entrepreneur is one who can transform raw materials into goods and services, innovate new products, standardize or upgrade existing products for creating new markets and new customers. In this manner, based on the research conducted by Ayadi-Frikha (2014), he

identified the positive effect of innovation on growth in small Tunisian enterprises, this indicates that development of new products and services or its processes, (i.e., technological specialization) and focus on innovation, also determined growth and empowering enterprising activities and opening the development capability (Prabhu, 2019; Achtenhagen et al., 2010; Davidsson et al., 2010). Therefore, the innovative behaviour of an entrepreneur became the ability possessed by an entrepreneur to generate new ideas that are very industrious and profitable to the entrepreneur and the society, at large.

H_{02}: There is no significant relationship between entrepreneurial innovation and SMEs Growth

Entrepreneurial Action and SMEs Growth

The establishment of growth depends on the identification of the origin of resources, capacities and learning on accumulation methods

and the generation of sustainable profits, cou pled to the examination of how and when the resources are accessed. Nevertheless, innovation in products and services is a key component of a small business's set of entrepreneurial actions necessitated by the firm's desire to grow and how the external investors may be informed on the subject (Tehseen, et al., 2019). Wright and Stigliani (2012) enhance that, it is important to trust people with cognitive capacities for growth since the holders are not the sole protagonists of growth. Further, the entrepreneurs´ competence to get involved in networks is highly important (Davidsson et al., 2010). It seems that entrepreneurial action goes beyond a priori strategy and that understanding entrepreneurial action requires a closer examination of the convictions and opinions of practicing entrepreneurs as they create and develop ventures in the face of uncertainty.

Therefore accelerating innovation opportunities and enhancing production through uncertainty, managerial know-how and risk-taking are a very paramount criterion for entrepreneurial action. Without this capacity to managerial know-how, it seems that innovations in new products or services, production or structure were less likely, although this is a predictable finding. But nevertheless, for instances, if SMEs decides that it will bring out new products or services, for it to achieve growth, it has to make some kind of uncertainty in term of accelerating innovation opportunities with

managerial know-how, (i.e. entrepreneurial action) in order to enhance productivity. Action thus becomes choice and choice merely calculable, it has therefore been argued that neoclassical economics has no real place for entrepreneurs (Baumol 1968, Bianchi & Henrekson 2005). Entrepreneurial action will only occur when the economic system is at a disequilibrium.

By introducing new innovations, the entrepreneurs shock and destroy prevailing equilibria, thereby disrupting existing goals and changing the direction of the economy. The working hypothesis is that entrepreneurial action can be understood in terms of the interrelated themes of risk and uncertainty, opportunity, know-how and production. Because entrepreneurial action can productively be conceptualized as a number of activities rather than as a single act (Shepherd, 2015) from an entrepreneurism. This means, for example, interpretations of risks and opportunities are both highly personal and influenced by specific situations, and as a result, develop with experience which can trigger the action towards growth phenomena in SMEs. In essence, growth is not a natural process for enterprises but a process full ofuncertainties. Wright and Stigliani (2012) report that "by definition, growth is inherently an uncertain process characterized by

a high level of ambiguity in the final results and in the setting, in fact, that growth is not constant (Machado, 2016). This means that typically it can happen as a result of exogenous forces such as geographical expansion, by an increase in branches, market, clients, products or services of the SMEs. On the contrary, within a temporal dimension different configuration may be identified, with randomized paths rat her than constant ones, besides situations in which a period of growth is followed by one of stagnation or decline (Stam, 2010).

H_{03}: There is no significant relationship between entrepreneurial action and SMEs Growth

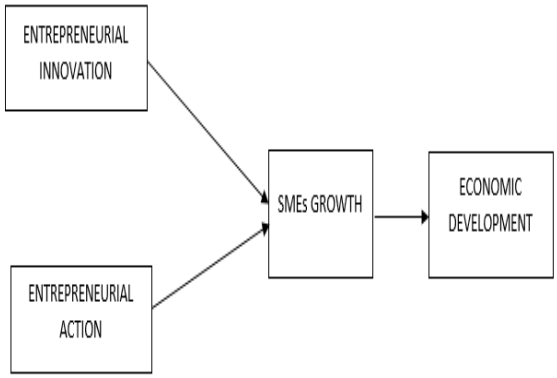

Fig 1. Research conceptual Model

The study used a survey research design and was conducted using SMEs in Kaduna state in Nigeria. SMEs sectors are the prime mover of every economy and entrepreneurs are the driving force of SMEs. The general population from which the samples were taken are SMEs with entrepreneurs involved in an innovative venturing, total 2882 i.e. individuals who had themselves initiated and taken an active role in developing an innovation-based business idea. Additionally, the study employed non-probability sampling to drawn the sample size, using a purposive sampling techniques because it has several advantages, as it could be able to generate more reliable and consistent results (Sekaran & Bougie 2013), and the data were collected by using the self-administered questionnaire. The endogenous construct of this study "economic development" was measured by five items adapted from the prior study of (Diener, & Suh, 1997). A number of researches on subjective indicators on development have

provided useful policy implications as they indicate important domains/ factors that significantly affect people‟ and business prosperity. Thus, recently there is a shift of development and policy goals from economic prosperity to human and business prosperity or subjective well-being which requires good measures of well-being and thorough studies of how these measures can impact public policies. The exogenous constructs of "entrepreneurial action with five items" adapted from (Kuratko et al., 2005) and "Entrepreneurial innovation by five items" were adapted from (Manu. 1992). Five items adapted from the (Chandler & Hanks, 1993) were used to measure the "SMEs Growth". Additionally, focus on identifying a manageable group of entrepreneurs suitable for exploring the issue at hand, with the list of the questions on a five-point Likert scale ranging from 1 (Strongly disagree) to 5 (Strongly agree). The aim was thus not to present intrinsically interesting cases or to represent some general population but rather to gain a more detailed picture of the phenomenon.

Result and Discussion

From a total number of 353 administered questionnaires to managers/owners, 329 questionnaires were returned and 267 were considered valid for analysing the process. Thus, the responds rate was accounted for 75.63%. After finishing the data collection process questioners were evaluated with SPSS 22.0 statistical software packages to measure the validity of the constructs and used PLS-SEM software to test the hypotheses and the path model. Among the 267 responses, 71.4 percent were owners, and the rest were managers. About 67 percent of the responses came from the industrial sector and about 33 percent from the service sector. The validity of the variables was examined prior to hypothesis testing. Although the determinants of economic development are theoretically distinguishable constructs, factor analysis (FA) was conducted to measure the underlining dimensions associated with 20 items dimensions of all constructs. The four scales were subjected to principal component analysis to test the unidimensionality of the constructs. The constructs' validity was measured using Bartlett's test of Sphericity and Kaiser-Meyer-Olkin (KMO) measure of the sampling adequacy test of individual variables. According to the result of Bartlett's test of Sphericity and Kaiser-Meyer-Olkin revealed that both are significant and suitable for factor analysis (Table 1). Also looking at the cumulative variance explained is 62.34% which exceeds the acceptable limit of 60% (Ozdamar, 2002).

The value of Bartlett's test of Sphericity indicates the sufficient correlation between the variables and its show 681.797 with a significant value of ($p>0.000$). The factors loadings of the scale of each item exceed 0.5 (Hair, Black, Babin, Anderson, & Tatham, 1998), although one factor from economic development (ED4) was dropped during the process (Table 2). This indicates that the data analysis demonstrated, possessed acceptable convergent validity. Also, the composite reliability of the measurement must reach 0.6 or above (Furnell & Larker, 1981), thus, the result indicates that all the latent variables reached (0.8 above).

Table 1 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.689
Bartlett's Test of Sphericity	Approx. Chi-Square	681.797
	Df	36
	Sig.	.000

Source: Result Output.

Then reliability coefficients were also tested by using a Cronbach alpha (α) in order to measure the reliability of the constructs. From the study result, the Cronbach alpha (α) test value range from (0.716 - 0.889) which exceed the threshold of 0.7 point introduce by (Nunnally, 1978), this is in support of observation by (O'Leary-Kelly & Vokurka, 1998) which described any point above 0.70 as a good reliability scale, and thus the study scale are all reliable.

More so, consistency evaluations are based on single observed and construct reliability tests whereas convergent and discriminant validity is used for the assessment of validity (Hair, Sarstedt, Ringle, & Mena, 2012). Thus, convergent and discriminant validities were measured using average variance extracted (see, Table 2), and the result shows a value range from (0.593 - 0.728) which exceed the threshold of 0.5 (Hair, Ringle, & Sarstedt, 2011)

Hypothesis Testing

The SEM model was employed to examine the relationship between the constructs developed by the study and the intervening process of SMEs growth from the exogenous constructs to the endogenous constructs, hence SEM analysis was performed by PLS path modeling to analyses simultaneously Goodness-of-fit indices. Moreover, SEM permits the analysis of the linear relationships between the latent constructs and manifest variables. It also has the ability to create accessible parameter estimates for the relationships between unobserved variables more specifically, the moderating and mediating variables. In general, SEM permits several relationships to be tested at once in a single model with various relationships instead of examining each relationship individually.

Table 2 Factor Loadings

Main Constructs	Items	Loadings	Cronbach alpha α	AVE	CR
	EI1	.905	.889	.710	.842
	EI2	.891			
Entrepreneurial Innovation	EI3	.863			
	EI4	.851			
	EI5	.784			
	EA1	.816	.827	.593	.770
	EA2	.725			
Entrepreneurial Action	EA3	.808			
	EA4	.817			
	EA5	.737			
	SG1	.730	.712	.646	..804
	SG2	.686			
SMEs Growth	SG3	.673			
	SG4	.747			
	SG5	.663			
	ED1	.804	.805	.728	..853
Economic Development	ED2	.833			
	ED3	.694			
	ED4	.249			
	ED5	.863			

Sources: Result Output

As the measurement model was valid and reliable, the next step was to measure the Inner Structural Model outcomes. This included observing the model's predictive relevancy and the relationships between the constructs. The coefficient of determination (R^2), Path coefficient (β value) and T-statistic value, Effect size (f^2), the Predictive relevance of the model (Q^2), and Goodness-of-Fit (GOF) index are the key standards for evaluating the inner structural model.

Measuring the Value of R^2

The coefficient of determination measures the overall effect size and variance explained in the endogenous construct for the structural model and is thus a measure of the model's predictive accuracy. In this study, the R^2 was 0.639 for the economic development endogenous latent construct. This indicates that the two independent constructs substantially explain 64% of the variance towards economic development meaning that about 64% of the change lead to the sustainable development of a national economy, and the intervening constructs

inner path model explained 0.712 as an indirect effect, which was due to three latent constructs in the model. According to Henseler and Fassott, (2009), and Hair et al. (2013), an R^2 value of 0.75 is considered substantial, an R^2 value of 50 is regarded as moderate, and an R^2 value of 0.26 is considered as weak. Hence, the R^2 value in this study was moderate.

Estimation of Path Coefficients (β) and T-statistics

The path coefficients in the PLS and the standardized β coefficient in the regression analysis were similar. Through the β value, the significance of the hypothesis was tested. The β denoted the expected variation in the dependent construct for a unit variation in the independent construct(s) as a direct relationship and the intervening variables as an indirect effect. The β values of every path in the hypothesized model were computed, the greater the β value, the more the substantial effect on the endogenous latent construct. However, the β value had to be verified for its significance level through the T-statistics test. The bootstrapping procedure was used to evaluate the significance of the hypothesis (Chin et al., 2013). To test the significance of the path coefficient and T-statistics values, a bootstrapping procedure using 5000 subsamples with no significant changes was carried out for this study as presented in Table 3.

Table 3. Path coefficient and T-statistics.

Hypothesized Path	Standardized Beta	T-Statistics	*p* Values
EI -> SMEs Growth	0.316	2.796	0.000
EA -> SMEs Growth	0.276	2.602	0.000
SMEs Growth -> ED	0.239	2.030	0.003
EI -> SMEs Growth ->ED	0.266	2.513	0.000
EA -> SMEs Growth ->ED	0.242	2.002	0.000

In **H_{02}**, the study predicted that entrepreneurial innovation factor has no significant relationship with SMEs Growth. As predicted, the findings in Table 3 confirmed that the EI related factor significantly influenced SMEs growth (β = 0.316, T = 2.796, $p < 0.000$). Hence, **H_{02}** was robustly supported. The influence of the entrepreneurial action factor on SMEs Growth was positive and significant (β = 0.276, T = 2.602, $p < 0.000$), showing that **H_{03}** was supported. Furthermore, when observing the direct and positive influence of the SMEs Growth related factor on economic development **H_{01a}**, the findings from Table 3 endorsed that the SMEs Growth related factor positively influenced economic development (β = 0.239, T = 2.030, $p <$ 0.000), and confirmed **H_{01a}**.

Analysing the strength of the intervening variable as mediator indicates the relationships with the other constructs that allow substantiating the mechanisms that underlie the cause-effect relationship between an exogenous construct and an endogenous construct (Hair, et al., 2017). Thus, the indirect effect of the intervening variables SMEs growth-related factor between EI and economic development was significant (β = 0.266, T = 2.513, $p < 0.000$), therefore supporting **H_{01b}**. Similarly, the findings in Table 3 provided empirical support for **H_{01c}**, where the influence of the

indirect effect of the intervening variables SMEs growth factor between EA and economic development was positive and significantly ($\beta = 0.242$, T = 2.002, $p < 0.000$), confirming hypothesis **H_{01c}**.

Table 4: Bootstrapped confidence interval

Hypotheses	Path A	Path B	Indirect effect	SE	t-Value	95%LL	95%UL
H_{01b}	0.316	0.926	0.266	0.096	2.513	0.062	0.439
H_{01c}	0.276	0.926	0.242	0.079	2.002	0.076	0.387

More so, on the other hand, SMEs growth intervenes in the relationship between entrepreneurial innovation and economic development (β = 0.266, p<0.05), entrepreneurial action and economic development (β = 0.242, p<0.05). Thus, **H_{01b}** and **H_{01c}** are all supported. To sum, the hypothesized direct relationships as **H_{01a}**, **H_{02}**, and **H_{03}** are thereby supported empirically. On the mediating relationships, although all the intervention relationships are significantly based on path coefficients (Beta) and their T-statistics (t-value), nevertheless, the hypotheses may only be supported when there is no zero between Lower Limit (LL) and Upper Limit (UL) of the confidence interval, which relies on bootstrapping standard error (Hair et al., 2014). However, as shown in Table 4, there is no zero (i.e., when the lower limit has a negative and the upper bound has a positive sign) between any of the confidence intervals of each of the relationships. Hence, all hypothesized relationships on the mediating effect of SMEs growth on the relationship between independent variables (i.e., entrepreneurial innovation and entrepreneurial action) and economic development are therefore supported empirically.

Discussion

This study investigated the effect of entrepreneurial innovation and entrepreneurial action on SMEs growth, as well as intervening effects of SMEs growth on the relationship between these predictors and economic development in Nigeria. The study was built on the platform of resource-based (Barney, 1991) with intangible resources like entrepreneurial innovation and entrepreneurial action that can lead to SMEs growth and economic development. However, the statistical analysis of this study established the empirical evidence on the effect of entrepreneurial innovation and entrepreneurial action on SMEs growth and more importantly the intervening effect of SMEs growth on the relationship between the aforesaid intangible resources and economic development. However, the results are not surprised compared to the previous studies as they also found that SMEs growth is antecedents of economic development (Nagaya, 2017; Aminu et al., 2018). As such, the study addressed an important knowledge gap of understanding on how the entrepreneurial innovation and entrepreneurial action form of resource capabilities used as an antecedent of SMEs growth and how this path relationship leads to economic development as well. At the same time, the study also affirmed the intervening role of the SMEs growth perspective between resource-based and economic development.

Conclusion

Therefore, the finding of this study provides important insight into owners-managers, policymakers and researchers to further understand the effect of growth strategies on SMEs towards economic development. It is also important to note that higher concentration on EI may result excessive to product competition because the study result indicates that, in every type of entrepreneurial innovation there is a created value weather from widening its market share through product innovation, costs reductions, improved quality or performance that lead to SMEs growth. While over-concentration on EA may enhance innovations and reduce the cost of operation as increases in growth, imply a faster achievement of economic growth and development. Particularly, taking an uncertain risk in the generation of new or improved products, the introduction of the new production process, development of new sales market, development of new supply market, full or partial diversification of products or market, reorganization and/ or restructuring of the business strategies.

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