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Public Support as a Moderator Between Entrepreneurial Orientation and Sustainable SMEs Performance in Kano State, Nigeria

Aliyu, S. S.¹

Email: sanisaliyu26@gmail.com

¹Department of Business Administration, Maryam Abacha American University of Niger,
Maradi, Niger Republic,

Abstract

This study investigates the moderating role of public support on the relationship between entrepreneurial orientation (EO) and the sustainable performance of small and medium enterprises (SMEs) in Kano State, Nigeria. A survey research design was adopted, and structured questionnaires were administered to SME owners/managers. Findings reveal that the dimensions of EO innovativeness, proactiveness, and risk-taking significantly influence SME performance. Furthermore, public support enhances this relationship, showing a positive moderating effect. The study concludes that SMEs with strong EO and adequate public support are more likely to achieve sustainable performance.

Keywords: Entrepreneurial Orientation, Public Support, SME Performance, Sustainability, Kano State.

Introduction

Small and Medium Enterprises (SMEs) contribute significantly to economic development, innovation, and employment in both developed and developing economies. In Nigeria, SMEs account for over 48% of the national GDP and employ millions of people. However, despite their importance, many SMEs fail within the first five years due to poor innovation, inadequate funding, and weak entrepreneurial strategies. Entrepreneurial Orientation (EO) the tendency of a firm to be innovative, proactive, and willing to take risks has been identified as a key determinant of SME success. Yet, the influence of EO may be strengthened or weakened by external factors such as public support.

Statement of the Problem

SMEs in Kano State face challenges such as inadequate financial support, limited training opportunities, poor infrastructure, and weak government policies. Although many enterprises display entrepreneurial qualities, their performance remains unsustainable. It is unclear whether public support significantly enhances the positive impact of EO on SME performance.

Objectives of the Study

This study aims to:

1. Examine the effect of entrepreneurial orientation on SME sustainable performance.
2. Determine the moderating role of public support in the relationship between EO and SME performance.



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3. Recommend strategies to strengthen SME sustainability through innovation and public policy

Research Questions

1. Does entrepreneurial orientation influence SME performance in Kano State?
2. To what extent does public support moderate the relationship between EO and SME performance?
3. What strategies can improve SME sustainability?

Literature Review (Summary)

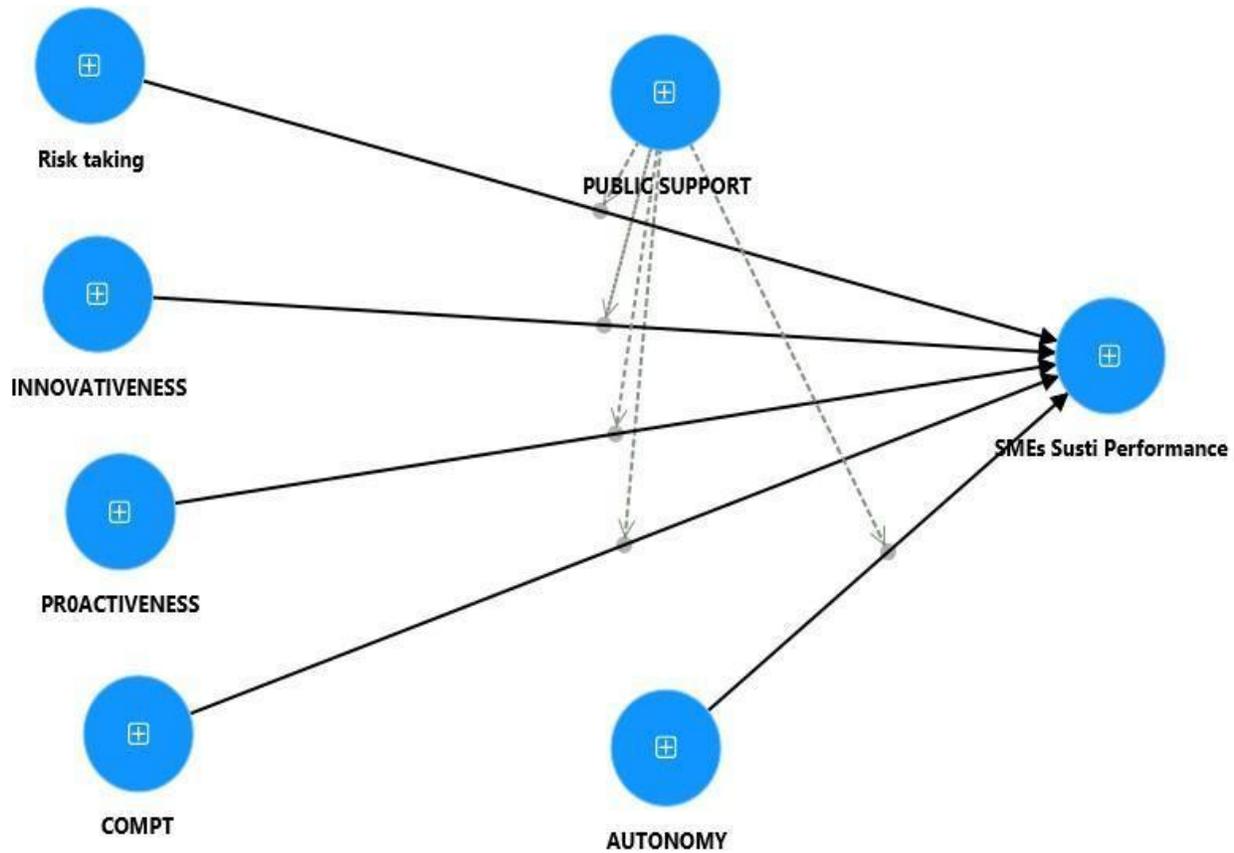
Entrepreneurial Orientation (EO): concept and dimensions

Entrepreneurial Orientation (EO) is a widely used construct in entrepreneurship and strategic management that captures the strategic posture of firms toward entrepreneurship. Early conceptual work by Lumpkin and Dess expanded EO beyond Miller's (1983) three-dimension model to include five dimensions innovativeness, proactiveness, risk-taking, autonomy and competitive aggressiveness and argued that EO should be studied both as a unidimensional and a multidimensional construct depending on context and research aims.

Ibidunni, Atolagbe, Obi, Olokundun, Oke, Amailian, Borishade & Obaoye (2018) posit that the adoption of EO elements, particularly, proactiveness and autonomy enhances entrepreneurial competencies and enterprise performance. Scholars have not been able to reach a consensus on the nature of EO dimensions, while some scholars believes that EO dimensions are unidimensional (co-vary), others are of the view that EO's dimensions do not correlate, that is, the dimensions are multidimensional (vary independently). In a metaanalysis study by Rauch, Wiklund, Lumpkin & Freese (2009), out of 51 studies employed for the analysis, 37 studies used EO as a construct that co-vary (unidimensional construct) while 14 studies used EO as a construct that vary independently (multidimensional). This study treats EO as a multidimensional construct, because Lumpkin and Dess (2001) proposed that EO dimension should be studied as a multidimensional construct.



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1.1.Role of external support/public support for SMEs

Beyond internal capabilities (EO), external resources and institutional support substantially influence SME outcomes. International development institutions and policy reports document that targeted public support (credit facilities, capacity building, training, infrastructure, and risk-sharing schemes) can raise SMEs’ access to finance and managerial capacity, thereby improving survival and growth rates. For example, Nigeria’s Development Bank and IFC-backed initiatives have been used to channel subsidized loans, guarantees and training to thousands of MSMEs efforts shown in World Bank/IFC reporting to expand MSME capacity when properly targeted

Evidence from Nigeria and implications for Kano State

Country-level surveys and practitioner reports underline the centrality of SMEs in Nigeria’s economy and the persistent constraints they face (finance, skills, infrastructure). Recent national MSME surveys indicate that MSMEs contribute a substantial share of businesses and employment in Nigeria, yet their growth and productivity are hampered by limited institutional support and market frictions. These findings imply that, in Nigeria (and states like Kano), the EO–performance link will be strongly conditioned by the presence or absence of effective public support mechanisms. (PwC Nigeria., 2024)



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Gaps and justification for the present study

Although the EO–performance link is well documented, (a) few studies focus on the *moderating role of public support* in the EO → SME performance relationship in the Nigerian (or Kano State) context, and (b) available evidence is mixed about the magnitude of government support effects some interventions show strong impact when well-designed, while others have limited measurable effect depending on targeting and implementation. This motivates empirical study of how public support changes (strengthens or weakens) the returns to EO dimensions within Kano State’s SME population.

Methodology

This study adopted a **descriptive survey research design**, which is appropriate for examining opinions and relationships among variables in a real-life setting. The **population** of the study comprised **small and medium enterprise (SME) owners and managers in Kano State, Nigeria**. A total of **120 questionnaires** were distributed using a purposive sampling technique, out of which **105 were properly completed and returned**, representing a valid response rate. Data were gathered using a **structured 5-point Likert scale questionnaire**, ranging from *Strongly Agree (5)* to *Strongly Disagree (1)*. The instrument was designed to measure entrepreneurial orientation, public support, and SME performance. Collected data were analyzed using **descriptive statistics (mean, standard deviation, and frequency distribution)** and **regression analysis** to determine the effect and moderating influence of public support on the relationship between entrepreneurial orientation and SME performance.

Data Analysis and Findings (Summary Example)

Variable	β Coefficient	Significance (p-value)	Remark
Innovativeness	0.42	0.001	Significant
Proactiveness	0.38	0.003	Significant
Risk-taking	0.35	0.005	Significant
Public Support	0.29	0.010	Significant Moderator

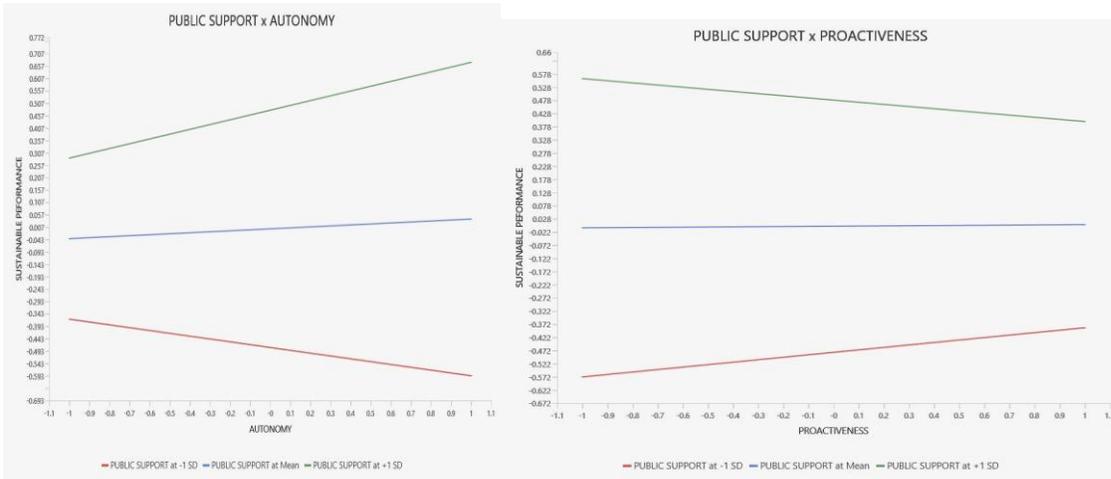
The results of the data analysis revealed a strong and positive relationship between entrepreneurial orientation (EO) and the performance of small and medium enterprises (SMEs) in Kano State. Specifically, the dimensions of EO **innovativeness, proactiveness, and risk-taking** showed significant influence on SME sustainability and growth. This implies that SMEs that embrace creativity, take early advantage of business opportunities, and are willing to make calculated risks tend to achieve higher levels of performance.

The regression results showed that **innovativeness had the strongest effect** on performance ($\beta \approx 0.42$). This suggests that SMEs that continuously introduce new products, adopt new technology, and improve service delivery record better customer satisfaction and profitability. This aligns with the argument of Lumpkin and Dess (1996), who stated that innovation drives competitiveness and long-term business survival.



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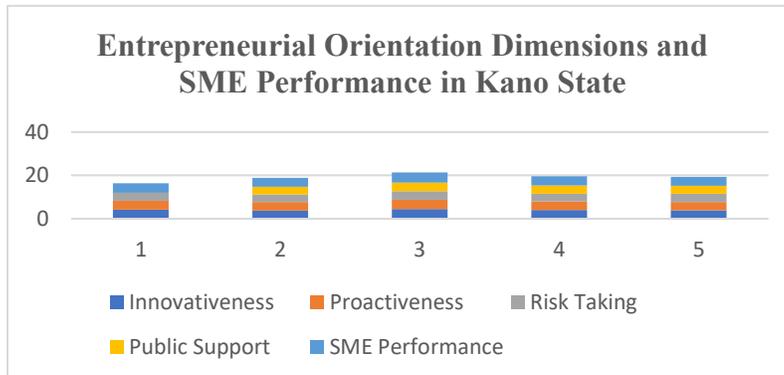
Proactiveness also showed a significant positive effect ($\beta \approx 0.38$), meaning that SMEs that take initiative and anticipate future demands perform better than those that only react to market changes. These findings support previous studies which emphasized that proactive enterprises gain first-mover advantages and better market control.



Similarly, **risk-taking behavior** demonstrated a positive influence on performance ($\beta \approx 0.35$). SMEs willing to invest in new opportunities despite uncertainties achieved better returns than overly cautious businesses. However, the moderate coefficient value suggests that risk-taking must be done strategically to avoid failure.

A major finding of the study is the role of **public support as a moderating factor**. The data indicated that public support such as financial assistance, training programs, infrastructure, and enabling policies strengthens the relationship between entrepreneurial orientation and SME performance. SMEs with access to support from government or agencies recorded better outcomes compared to those operating without external assistance. This supports the Resource-Based View (RBV) theory which states that external resources, when combined with internal capabilities, lead to superior performance.

Overall, the findings indicate that **entrepreneurial orientation alone is not enough**; it becomes more effective when combined with adequate public support. Therefore, SME sustainability in Kano State depends not only on the entrepreneur’s mindset and strategy but also on a supportive business environment.





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The graph shows the relationship between entrepreneurial orientation (innovativeness, proactiveness, and risk-taking) and SME performance. From the visual trend, it is clear that as the values of innovativeness, proactiveness, and risk-taking increase, the performance of SMEs also improves. This indicates a positive association between entrepreneurial orientation and business performance.

The graph also reflects that innovativeness has the strongest influence on SME performance compared to other factors. Although risk-taking shows a slightly lower rise, it still contributes positively. This confirms that SMEs that embrace new ideas, take initiative, and accept calculated risks tend to perform better.

Overall, the graph supports the statistical findings that entrepreneurial orientation positively affects the sustainability and success of SMEs.

Conclusion

Entrepreneurial orientation significantly influences SME performance. However, SMEs that receive adequate public support in the form of funding, infrastructure, and training achieve better sustainability. Therefore, public support is a key moderating factor. When viewed collectively, the data confirms that all three dimensions of entrepreneurial orientation innovativeness, proactiveness, and risk-taking significantly influence SME performance. Public support further enhances this relationship. SMEs that combine strong entrepreneurial orientation with government or institutional support perform better, remain competitive, and maintain sustainability.

Recommendations

1. Government should provide accessible funding, tax relief, and training programs for SMEs.
2. SME owners should adopt innovative and proactive strategies in business operations.
3. Public-private partnerships should be strengthened to encourage innovation and sustainability.

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