

Impact of Entrepreneurial Orientation on Small and Medium Enterprises Performance

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Abstract

The study aims to investigate the impact of entrepreneurial orientation on small and medium enterprises' performance. A survey-based quantitative research design was used to collect primary data from registered SMEs. There are 3010 registered small and medium-sized enterprises. A stratified sampling technique was used for calculating sample size, and 353 respondents were selected for data collection with the help of a questionnaire; analysis was performed through descriptive statistics such as frequency, percentages, and regression analysis were performed. The result shows There is a positive impact of risk-taking on small and medium-sized enterprises' performance, a positive impact of innovation on small and medium-sized enterprises' performance, a positive impact of proactiveness on small and medium-sized enterprises' performance, a positive impact of autonomy the on small and medium-size enterprises' performance. The competitive aggressiveness has a positive impact on small and medium-size enterprises' performance. The study recommended the relationship between entrepreneurial orientation and SME performance is a topic of significant significance and potential for providing clues to the keys to success in this vital economic sector. When we know how entrepreneurial orientation affects SME performance, policy leaders in government and businesses, financial institutions or industry associations, and other stakeholders will be able to devise tailored strategies that promote a favourable environment for the growth and continued existence of Small and Medium-sized Enterprises; Further research can also shed light on some of the actionable advice for SMEs to improve their entrepreneurial capability and competitive advantage.

Keywords: Entrepreneurial Orientation, Small and Medium Enterprises, Firm Performance.

Introduction

Small and Medium enterprises (SMEs) play a significant role in the global economy. Most businesses worldwide are SMEs, critical for employment generation and economic growth. SMEs control almost 90% of firms and more than half global employment. Formal SMEs can account for up to 40% of national income in emerging economies (GDP). SMEs have a tremendous impact on the total number of businesses (Anwar & Shah, 2020).

The approaches that companies take and the procedures they follow have seen profound transformations during the past few decades. Digitization (Fang et al., 2021) and the dynamic and unstable corporate environment (Fan et al., 2021) are the primary drivers behind these shifts. In addition, continuously producing brand-new technologies has increased competitiveness (Ali & Johl 2022a). In addition to this, the current pandemic crisis is accelerating the problem even further (Alsharif et al., 2021). According to Isichei et al. (2020), this competitive nature of the firm environment has further increased the need for organizations to develop strategies that serve the firms' goals and offer them a competitive advantage. In this scenario, a business must have deliberate internal behaviour encouraging fundamental changes to acquire a competitive advantage over its rivals. Consequently, it enables innovation, commitment, and the generation of new ideas within organizations (Nguyen et al., 2021). "entrepreneurial orientation" (EO) refers to this mindset and way of behaving internally.

Entrepreneurial Orientation

In the 1970s, the entrepreneurial orientation (EO) idea was developed, and in the decades that followed, it received a significant amount of attention from researchers and practitioners. Entrepreneurial firms engage in product-market innovation, undertake somewhat risky ventures, and are the first to develop proactive innovations, beating competitors to the punch, as Miller (1983) stated. According to previous research by Bin Yusoff et al. (2021) and Fang et al. (2021),

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the entrepreneurial orientation (EO) of a company plays a significant part in the improvement of the company's performance. However, many studies have presented information that contradicts one another regarding the connection between EO and performance. For example, Isichei et al. (2020) discovered a favourable association between EO and performance. A similar finding was made by Hernández-Perlines and Cisneros (2017), who found a favourable link between EO and performance relationships.

On the other hand, research revealed a weak, negative, or no association between EO performance (Mazhar et al., 2022a). These findings contradict the findings of other investigations. In addition, some aspects of EO benefit performance, while others have no connection whatsoever. For instance, the study conducted by Isichei et al. (2020) discovered that two characteristics of EO (innovativeness and proactiveness) had a favourable association with performance. However, risk-taking has no significant effect on performance. Similarly, Rezaei and Ortt (2018) confirmed that performance is positively correlated with innovativeness and proactiveness (EO). However, performance is adversely correlated with risk-taking behaviours.

In summary, the contradictory findings on the relationships between EO and performance cannot be resolved by the current available studies. Both Rezaei and Ortt (2018) and Wang (2008) pointed out that previous research on the relationship between EO and performance revealed that simply analyzing EO's direct effect on performance does not provide a clear picture of the relationship. The method by which EO improves business performance involves various mediating variables, all of which have been investigated. In previous research, numerous strategic constructs have been included as mediating variables. These include social media (Fang et al., 2021; Fan et al., 2021), marketing communication (Butkouskaya et al., 2020), outsourcing (Irwin et al., 2018), and the knowledge production process (Li et al., 2009). However, the previous research did not consider the function of a firm's competitive strategy as a mediator between the EO and performance relationship, particularly concerning cost leadership (Galbreath et al., 2020).

To begin with, more than 70 per cent of the gross domestic product (GDP) and 80 per cent of the labour market in emerging economies is contributed by SMEs. However, despite this, they lack resources and problems (Ali & Johl, 2022b; Fang et al., 2021). Second, Nguyen et al. (2021) suggested that the industrial society of various emerging countries is founded on small and medium-sized enterprises (SMEs), which are regarded as the fundamental factors that determine the success or failure of a country.

Small and Medium Enterprises Performance

The complexities of the small and medium enterprise (SME) sector in Bangladesh and take the required actions to ensure that the struggling SMEs will achieve greater performance and sustainable growth. In this context, the purpose of this research is to investigate the effect of entrepreneurial orientation (EO) on the performance of Bangladeshi small and medium enterprises (SMEs), as well as to investigate the role that organizational culture (OC) plays in mediating the connection between EO and SMEs' performance in Bangladesh. Wales et al. (2011) stated that most EO studies had been carried out in Europe and the United States, and they recommended carrying out additional studies in various nations. However, to our knowledge, there has yet to be an empirical investigation into the mediating function that OC plays in the relationship between EO and Bangladeshi SME performance.

The significance of studying SMEs can be attributed to some factors. First and foremost, SMEs significantly impact both GDP and unemployment. SMEs account for a significant portion of GDP and play a significant role in declining unemployment. (Robu, 2013). SMEs contribute vital to developed and emerging economies (Isichei et al., 2020; Zygmunt, 2020). It creates new jobs, generates revenue through exports and imports, and engages in human capital development (Civelek et al., 2021; Gavurova et al., 2020).

According to Asad, Rizwan, Shah, and Munir (2018), the small and medium-sized enterprises (SMEs) that are involved in the production of sports products in the city of Sialkot, Pakistan, contribute a sizeable amount to the country's total exports each year. According to Imran et al. (2018), the Pakistani industry for sporting goods exports up to eighty per cent of its total output of sporting goods to countries located all over the world, including many industrialized nations in Europe. The sporting goods business in Pakistan is well-known across the globe for the superior quality of its products and its ability to satisfy both worldwide standards and the requirements of individual consumers. According to Imran et al. (2018), small and medium-sized enterprises (SMEs) in Pakistan's sports industry contribute 6% of the country's yearly GDP.

Because of the importance of SMEs in economic development and the benefits they provide to an economy, such as increased national income, governments around the world support SMEs in their countries by implementing policies that encourage the formation and operation of SMEs

(Knight & Liesch, 2016). The performance of SMEs is important for the growth of the emerging economy (Senik et al., 2014). The annual contribution of SMEs to Pakistan's GDP exemplifies the critical role of SMEs in driving economic progress. SMEs rely on variables other than resources and finance to improve their performance. As a result, the study must identify the elements that may be positively connected with the performance of SMEs in Pakistan.

Problem Statement

SMEs indeed make important contributions to achieving long-term sustainable development goals, increasing employment, and stimulating the economy. However, they face several obstacles that threaten their continued viability and expansion. Pakistan, for example, has a failure rate of roughly 50 per cent for SMEs in the early phases of the economic cycle, and just 4 per cent of these businesses survive for 25 years (Anwar & Shah, 2020) just because of a lack of EO, access to finance, capabilities, and support (Shah et al., 2011). Similarly, In China, 67 per cent of new businesses fail in their first year, and 85 per cent of all new businesses fail in their first ten years. (Parnell et al., 2015).

EO, access to financing, and other factors contribute to the failure of SMEs. SMEs (SMEs) in both developed and developing countries are increasingly concerned about acquiring the necessary financing. Because of the current economic climate's extreme turbulence, organizations must always find a way to secure sufficient funding to carry out their day-to-day operations. (Anwar et al., 2018; Jiang et al., 2018). This high failure rate necessitates understanding the precise elements that can assist SMEs in acquiring resources and avoiding failure, particularly in their early stages. The incubation services are in their early phases, but their long-term survival and competitiveness primarily depend on their acquisition ability to obtain the resources they require from their external environment. The failure of these SMEs to obtain appropriate external resources is due to a lack of internal and external competencies. (Ying et al., 2019). SME success ratio is not satisfactory due to the lack of EO. The SMEs do not operate strategically. Another important factor contributing to SMEs' success is the opportunity recognition. When SMEs promptly identify opportunities and take measures to exploit them, it will benefit small and medium-sized enterprises' profitability, growth, success, and competitiveness. Furthermore, access to easily available financial resources and cheap financial capital plays a key role in the success of small and medium-sized enterprises. Therefore, the researcher will study EO's influence on SME performance: mediating and moderating the role of opportunity recognition, access to finance, and family businesses.

Research Objective

1. To investigate the impact of the EO on small and medium enterprises' performance.

Research Hypotheses

- H1: Risk-taking positively impacts small and medium-sized enterprises' performance.
- H2: Innovation positively impacts small and medium-sized enterprises' performance.
- H3: Proactiveness positively impacts small and medium-sized enterprises' performance.
- H4: Autonomy positively impacts small and medium-sized enterprises' performance.
- H5: Competitive aggressiveness positively impacts small and medium-sized enterprises' performance.

Significance of the Study

The competitive environment has created a challenging situation for SMEs in emerging and developed economies. In such a turbulent environment, only SMEs having enough resources and strong capabilities succeed to survive in the long run. In this study, the most significant and valuable determinants of SMEs' performance in emerging markets were unleashed, considered influential factors for SMEs' performance in emerging markets. Moreover, this research also aimed to help top managers/owners understand the factors in SMEs' success. More specifically, this research answers how SMEs can access different sources of finance and how to sustain in a dynamic environment. The current study makes several theoretical contributions to the entrepreneurial finance paradigm. This study extends the knowledge of EO, access to finance, family-owned/non-family-owned businesses, and SME performance relationships. Elaborating on how each dimension of EO influences SMEs' performance and the effect of opportunity recognition, access to finance, and family-owned business,

The current study is the first of its kind, focusing on EO influence on SME performance with effects that have not been tested before in such an underlying mechanism and the context of Khyber Pakhtunkhwa. It is one of the pioneer efforts in Khyber Pakhtunkhwa related to Pakistan's emerging economy. It is a theoretical contribution to the literature on EO globally. The

first significance of this study is understanding the importance of EO and its dimensions in SME performance. Acknowledging the unique role of risk-taking, autonomy, innovativeness, competitive aggressiveness, and proactiveness in an SME's performance is essential in emerging markets. The second significance of this study is to determine whether opportunity recognition as a mediating variable plays a considerable role in EO and SME performance. In other words, this research facilitates us in understanding the direct and indirect impact of EO on SMEs' performance through opportunity recognition as mediators.

Similarly, the third significance of the study will be a guide on how accessing and running the finance and family-owned businesses affect the nexus between EO and SME performance.

Literature Review

Research on business and economic growth frequently focuses on entrepreneurship as one of its primary areas of study. As a result of the fact that this study investigates the connection between entrepreneurial orientation (EO) and enterprise performance (EP), as well as the role that entrepreneurial competencies (EC) play in the process, it has been shown that the "Resource-Based View" (RBV) provides the best explanation for the findings of this investigation. According to Tehseen and Ramayah (2015), EO and EC are notions that are unique to each individual, making it difficult for competitors to imitate them. RBV can be implemented in this particular setting, and so can entrepreneurial orientations and competencies. These are the kinds of skill sets that can bring an organization to a greater level of performance.

Entrepreneurial Posture and Performance

Covin and Slevin (1991) developed a model that establishes a connection between entrepreneurial posture and a firm's performance. They discovered that an entrepreneurial posture was most positively related to company performance and an entrepreneurial orientation, both of which were positively associated with performance. Additionally, contributing to the company's excellent performance and long-term competitive advantage is the entrepreneurial orientation of its employees as both a resource and a capability. According to the resource-based theory of the firm, the only way a business can get a competitive edge is by making use of assets that are unique to the company, which are rare and intangible. (Spender, 1996). According to RBV, a company's resources are an essential component that boosts performance and ensures a competitive advantage (Jiang et al., 2018; Hitt et al., 2011).

Entrepreneurial Opportunity

The entrepreneurial opportunity has been conceived in the research on entrepreneurship as either behavioural variables (Fatima & Bilal, 2019; Zarrouk et al., 2020) or organizational factors. As an example of an internal behavioural element, EO has been considered in the current research. In this sense, an entrepreneurial corporation innovates the market for its products, engages in certain hazardous commercial endeavours, and produces proactive advancements before its competitors (Miller 1983). Miller's (1983) early research established the concept of entrepreneurial orientation as a combination of proactiveness, risk-taking, and innovativeness. After some time, Lumpkin and Dess (1996) added two new dimensions: competitive aggressiveness and autonomy. All five dimensions are essential for EO performance interactions, as stated by Hernández-Linares et al. (2019). However, the level of each dimension fluctuates depending on the influence that organizational and environmental elements have on the situation.

H1: Risk-taking positively impacts small and medium-sized enterprises' performance.

According to Le Roux and Bengesi (2014), the literature on EO considers proactiveness to be an individual trait that embodies both a forward-looking perspective and an opportunity-seeking behaviour. "first mover's advantage" refers to these kinds of EO structures. Previous research has demonstrated that proactivity has a meaningful connection to the overall effectiveness of an organization. For instance, Le Roux and Bengesi (2014) stated that proactiveness has a strong and favourable association with a company's performance. It was hypothesized by Alvarez-Torres et al. (2019) that proactiveness, a feature of EO, has a favourable and substantial link with SME performance. Similarly, Rezaei and Ortt (2018) found that proactivity has a positive and substantial link with the production performance of small and medium-sized Dutch enterprises (SMEs). Isichei (2020) researched Nigeria to investigate the connection between proactiveness and firm success.

According to Wiklund and Shepherd (2003), risk-taking is the propensity to take aggressive acts such as venturing into unexplored new markets and investing a significant amount of resources in initiatives with uncertain outcomes. Risk handling is the process of identifying, analyzing, mitigating, and preventing potential business threats, as well as balancing the expense of safeguarding the organization against a risk vs the cost of exposure to that risk. The best way to

deal with a threat is to realize it immediately and take control of it from the start (Cornelia, 2004). Entrepreneurs, on the other hand, are more likely to deal with threats ahead of time. The performance of entrepreneurial enterprises has a statistically significant correlation with risk-taking (Kreiser & Davis, 2010). The risk-return tradeoff is connected with common risk-taking characteristics such as significant borrowing, allocating a considerable amount of one's assets to a course of action, or taking action in the face of uncertainty (Hornsby et al., 2002).

H2: Innovation positively impacts small and medium-sized enterprises' performance.

According to Drucker (1985), innovation is the entrepreneurial knowledge base that can be applied. He defines systematic innovation as "the purposeful and structured search for changes and the systematic examination that such changes may present to economic or social innovation," which he observed in successful entrepreneurs. A recent study by Manso (2017) asserted that, despite the urgent need for innovation in the face of rapid technological change, businesses find integrating risk-taking and experimenting into their everyday operations difficult. To answer this need, Manso (2017) presented a paradigm based on probability theory and empirical data for promoting innovative thinking. Additionally, it was proposed that business leaders create a culture that celebrates early failure and encourages long-term success by incentivizing CEOs and employees to innovate. According to the findings of this study, management and employees should work together to develop new and creative ideas. In addition, Arenhardt et al. (2018) studied how the European Union's small and medium-sized enterprises (SMEs) regard innovation. Researchers surveyed experts in the field to get their thoughts on the matter. The study focused on the importance of SMEs to the level of development in their countries. According to the findings, small and medium-sized enterprises (SMEs) in less developed countries are better aware of the benefits of innovation for their businesses. This study could present comparative research on innovation perspectives in GCC countries, including Oman. The absence of research on how open innovation activities affect SMEs' innovation outcomes was also addressed by Parida et al. (2012). Utilizing 252 high-tech sources, it was found that open innovation activities positively impact a wide range of innovation outcomes for small and medium-sized enterprises (SMEs). For example, research found a link between a company's ability to get new technology and its record of radical innovation. On the other hand, technology scouting was found to have a strong correlation with incremental innovation performance. The measures described in the article were tailored to fit the needs of the varying types of small businesses.

H3: Proactiveness positively impacts small and medium-sized enterprises' performance.

The competitive aggressiveness of a driver takes into consideration the severe rivalry competition they will face. Miller (1983) proposed that competitive aggressiveness entails gaining an advantage over one's rivals before they even begin. According to previous research findings, a competitor's level of competitive aggression has a sizeable bearing on their level of performance. For instance, Fatima and Bilal (2019) proposed that there is a favourable correlation between competitive aggressiveness and the success of SMEs in Pakistan. Similarly, Le Roux and Bengesi (2014) confirmed that a positive and significant association exists between competitive aggression and a company's performance.

Wambogu *et al.* (2015) used a self-administered, semi-structured questionnaire to collect data from the owners and managers of small and medium-sized agro-processing firms in Kenya to investigate the association between proactiveness and performance. Measurement outer model estimation and structural inner model estimate were undertaken in two separate phases of data analysis. Proactiveness was found to be a significant predictor of firm performance in Kenyan agro-processing small and medium-sized firms in terms of staff growth and profitability, according to the researchers' results in this study, researchers found that being proactive had a beneficial impact on a company's performance. Using the experience of Nigerian businesses, Oni (2012) conducted a study on the impact of entrepreneurial proactiveness on business performance at the headquarters of the tested businesses; executives were asked to fill out a series of structured questionnaires. Entrepreneurial proactiveness was grouped into high and low levels to investigate the extent to which performance indicators were used. Researchers discovered that businesses with a high level of entrepreneurial proactiveness consistently grew in size and employed more qualified and competent staff in response to performance indicators. As a result of their findings, the researcher concluded that entrepreneurial proactiveness has a strong connection to performance traits.

H4: Autonomy positively impacts small and medium-sized enterprises' performance.

Creativity and innovation are valuable strategic resources; thus, they are guarded by rigorous management and statutory protections. Following Schumpeter's initial introduction of the concept, it was long considered that innovation exclusively pertained to activities conducted within corporations or R&D departments. The contingency theory demonstrates that open

innovation at a company affects the performance of the company. Previous studies (Fu et al., 2019; Hung & Chou, 2013) have demonstrated a significant correlation between open innovation and the level of success a company achieves. The previous research suggests that open innovation is strongly associated with business success. However, the findings are inconclusive (Abiodun 2017). This is supported by data from research that has been done in the past. While some research indicates that open innovation has a beneficial impact on the success of businesses, other studies have found the exact opposite to be true. For example, Oltra et al. (2018) discovered a favourable correlation between open innovation and the performance of firms. Hung and Chou (2013) discovered a positive connection between open innovation and the performance of firms.

Open innovation (inbound) has a negative association with short-term firm performance. In contrast, open innovation (outbound) has a U-shaped curvilinear link with long-term firm performance, according to Fu et al. (2019). Some researchers discovered U-shaped associations between open innovation and company success in addition to negative and positive relationships. Zhang et al. (2018) investigated the relationships between open innovation and company performance. According to the research, they have a U-shaped association. As a result, there are conflicting data about the impact of open innovation on corporate performance.

H5: Competitive aggressiveness positively impacts small and medium-sized enterprises' performance.

Competitive aggressiveness refers to behaviour that entails dynamic experimentation and implementation of research and development policies intending to maintain a steady stream of new items or services on the market (Perez-Luno, 2017). Furthermore, competitive aggressiveness refers to an organization's proclivity to constantly fight competitors to increase its market position and surpass industry competitors (Lumpkin & Dess, 1996). Competitively active firms are likely to scan the environment for new trends to stay ahead of the competition. That is why, for an industry leader with the ability to seize and predict future demands, competitiveness also implies having a forward-looking approach (Dess & Lumpkin, 2005).

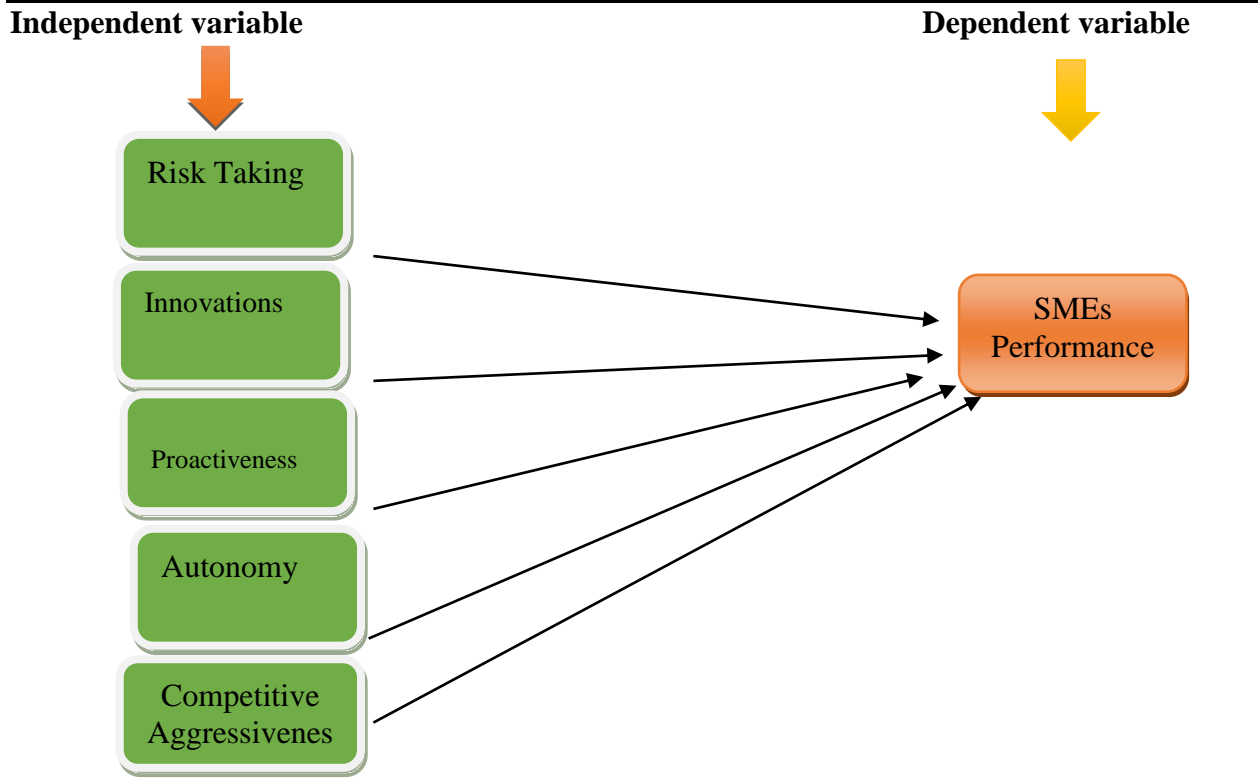
In the EO literature, "autonomy" refers to a person's motivation and ability to execute self-directed actions to pursue market possibilities. Autonomy also refers to the person's independence. According to Li et al. (2009), it enables the company to make decisions independently and quickly, paving the way for creating new market opportunities with innovative products and services. According to the empirical research conducted by Alvarez-Torres et al. (2019), autonomy is positively and significantly associated with company performance. Similarly, Fatima and Bilal (2019) claimed that autonomy is a crucial driver of EO in attaining SME performance in Pakistan. Last but not least, Li et al. (2009) concluded that autonomy, a component of EO, plays a significant part in a company's long-term and short-term performance.

Theoretical Framework

Kellermanns et al. (2016) The resource-based view (RBV) emerged from the field of strategic management as a result of the interest of researchers in understanding the reasons behind the superior performance of some firms in comparison to the rest of the firms in an industry. This interest led to the development of the RBV.

According to Wiklund and Shepherd (2005), the idea of firm performance can be traced back to the resource-based theory, which postulates that a company would work to improve its performance in the market to cultivate and amass the resources necessary to carry out its economic activities in the long run successfully. According to Ayuso and Navarrete-Báez (2018), one of the distinctive resources that a company creates to achieve a competitive advantage is an entrepreneurial orientation and strategic flexibility. In addition, researchers have successfully expanded RBV to many concepts other than firm performance, and entrepreneurial orientation is one of those notions for which RBV has been provided leverage to a significant degree (Kellermanns et al., 2016). Utilizing one's strategic resources in an adaptable manner is an essential component of strategic flexibility. In the same vein as the previous point, the literature explores the idea of strategic flexibility in the context of RBV. Consequently, the next pages will focus on developing a theoretical framework for this research based on resource-based theory.

Figure 1: Conceptual framework



Research Methodology

Research Design

Quantitative survey-based research designed, closed-ended 5-point Likert scale questionnaire was used to collect primary data from registered SMEs in Khyber Pakhtunkhwa. In the Khyber Pakhtunkhwa context, there are 3010 registered small and medium-size enterprises. For calculating the sample size Yamane (1967) Sample calculation formula was applied. Based on the above formula sample size will be 353. Data was collected from owners/chief executive officers/managers of the small and medium enterprises. Data was collected from registered SMEs in Khyber Pakhtunkhwa. Collected data through the questionnaire was put into computer software and analysis was performed through descriptive statistics such as frequency, percentages, and regression analysis were performed by using Statistical Package for Social Sciences (SPSS) was used for the analysis of data.

Data Analysis

Analysis of descriptive statistics

Table 1: Firm performance

Facet	Statement	Extremely Declined	Declined	Average	Improved	Extremely improved
FP1	Return on equity	90 (25.6)	112 (31.9)	0 (0)	70 (19.9)	351 (22.5)
FP2	Return on sales	151 (43.0)	153 (43.6)	13 (3.7)	17 (4.8)	17 (4.8)
FP3	Return on investment	92 (26.2)	113 (32.2)	0 (0)	124 (35.3)	33 (6.3)
FP4	Return on assets	106 (30.2)	101 (28.8)	11 (3.1)	111 (31.6)	22 (6.3)
FP5	Sales growth	132 (37.6)	162 (46.2)	9 (2.6)	23 (6.6)	25 (7.1)
FP6	Net profitability	87 (24.8)	99 (28.2)	10 (2.8)	133 (37.9)	21 (6.0)

Item 1 indicated that 31.9% of the respondents replied Declined toward the Return on equity, 25.6% were Extremely declined, 22.5% were Extremely improved and 19.9% were improved. Item 2 indicated that 43.6% of the respondents replied Declined toward Return on sales, 43.0% were Extremely declined, 4.8% were Extremely improved and 4.8% were improved. Item 3 indicated that 35.3% of the respondents replied Improved toward Return on investment, 30.2% declined, 26.2% were Extremely declined and 6.3% of them were Extremely improved. Item 4

indicated that 31.6% of the respondents replied Improved toward Return on assets, 30.2% were Extremely declined, 28.8% were declined and 6.3% of them were Extremely improved. Item 5 indicated that 46.2% of the respondents replied that declined toward Sales growth, 37.2% Extremely declined, 6.6% improved and 7.1% of them were Extremely improved. Item 6 indicated that 37.9% of the respondents replied Improved toward Net profitability, 24.8% were Extremely declined, 28.2% were declined and 6.0% of them were Extremely improved.

Entrepreneurial Orientation

Table 2: EO-i (Innovativeness)

Facet	Statement	SD	D	N	A	SA
IN1	We actively introduce improvements and innovations in our business.	15 (4.3)	62 (17.7)	18 (5.1)	197 (56.1)	59 (16.8)
IN2	Our business is creative in its methods of operation.	19 (5.4)	89 (25.4)	3 (.9)	157 (44.7)	83 (23.6)
IN3	Our business seeks out new ways to do things.	11 (12.5)	127 (36.2)	7 (2.0)	92 (26.2)	81 (23.6)

Item 1 indicated that 72.9% of the respondents agreed that we actively introduce improvements and innovations in our business, 22% disagreed and only 5.1% of them were neutral. Item 2 indicated that 68.5% of the respondents agreed that our business is creative in its methods of operation, 30.8% disagreed and only .9% of them were neutral. Item 3 indicated that 68.5% of the respondents agreed our business seeks out new ways to do things, 49.8% disagreed and only 2.0 % of them were neutral.

Table 3: EO-ii(Pro-activeness)

Facet	Statement	SD	D	N	A	SA
PA1	We always try to take the initiative in every situation (e.g., against competitors, in projects when working with others).	13 (3.7)	97 (27.6)	10 (2.8)	140 (39.9)	91 (25.)
PA2	We excel at identifying opportunities.	63 (17.9)	82 (23.4)	10 (2.8)	108 (30.)	88 (25.)
PA3	We initiate actions to which other organizations respond	23 (6.6)	23 (6.6)	4 (1.1)	162 (46.2)	139 (39.)

Item 1 indicated that 64.9% of the respondents agreed that we always try to take the initiative in every situation (e.g., against competitors, in projects when working with others), 31.3% disagreed and only 2.8% of them were neutral. Item 2 indicated that 55% of the respondents agreed that we excel at identifying opportunities, 41.3% disagreed and only 2.8% of them were neutral. Item 3 indicated that 85.2% of the respondents agreed that we initiate actions to which other organizations respond, 13.2% disagreed and only 1.1% of them were neutral.

Table 4: EO-iii (Risk taking)

Facet	Statement	SD	D	N	A	SA
RT1	The term “risk taker” is considered a positive attribute for people in our business	31 (8.8)	120 (34.2)	0 (0)	109 (31.1)	91 (25.9)
RT2	People in our business are encouraged to take calculated risks with new ideas.	25 (7.1)	96 (27.4)	11 (3.1)	108 (30.8)	111 (31.6)
RT3	Our business emphasizes both exploration and experimentation for opportunities.	25 (7.1)	23 (6.6)	9 (2.6)	167 (47.6)	127 (36.2)

Item 1 indicated that 57% of the respondents agreed that the term “risk taker” is considered a positive attribute for people in our business, 43 % disagreed and only 0.0% of them were neutral. Item 2 indicated that 62.4% of the respondents agreed that People in our business are encouraged to take calculated risks with new ideas, 34.5% disagreed and only 3.1% of them were neutral. Item 3 indicated that 83.8% of the respondents agreed that our business emphasizes both exploration and experimentation for opportunities, 13.7 % disagreed and only 2.6% of them were neutral.

Table 5: EO-iv (Autonomy)

Facet	Statement	SD	D	N	A	SA
AT1	Employees are permitted to act and think without interference.	21 (6.0)	129 (36.8)	0 0	108 (30.8)	93 (26.5)
AT2	Employees perform jobs that allow them to make and instigate changes in the way they perform their work tasks.	15 (4.3)	55 (15.7)	18 (5.1)	199 (56.7)	64 (18.2)
AT3	Employees are given freedom and independence to decide on their own how to go about doing their work.	14 (4.0)	84 (23.9)	13 (3.7)	153 (43.6)	87 (24.8)
AT4	Employees are given freedom to communicate without interference.	44 (12.5)	119 (33.9)	0 0	100 (28.5)	88 (25.1)
AT5	Employees are given authority and responsibility to act alone if they think it to be in the best interests of the business.	13 (3.7)	100 (28.5)	0 0	146 (41.6)	92 (26.2)
AT6	Employees have access to all vital information.	55 (15.7)	73 (20.8)	26 (7.4)	127 (36.2)	70 (19.9)

Item 1 indicated that 57.3% of the respondents agreed that Employees are permitted to act and think without interference, 42.7 % disagreed and only 0.0% of them were neutral. Item 2 indicated that 74.9% of the respondents agreed Employees perform jobs that allow them to make and instigate changes in the way they perform their work tasks, 20 % disagreed and only 5.1% of them were neutral. Item 3 indicated that 68.4% of the respondents agreed that Employees are given freedom and independence to decide on their own how to go about doing their work, 27.9 % disagreed and only 3.7% were neutral. Item 4 indicated that 53.6% of the respondents agreed that Employees are given the freedom to communicate without interference, 46.4 % disagreed and only 0.0% of them were neutral.

Item 5 indicated that 67.8% of the respondents agreed that Employees are given authority and responsibility to act alone if they think it to be in the best interests of the business, 32.2 % disagreed and only 0.0% of them were neutral. Item 6 indicated that 56.1% of the respondents agreed that Employees have access to all vital information, 36.5 % disagreed and only 7.4% of them were neutral.

Table 6: EO-v (Competitive Aggressiveness)

Facet	Statement	SD	D	N	A	SA
CA1	Our business is intensely competitive.	7 (2.0)	15 (4.3)	1 (.3)	189 (53.8)	138 (39.3)
CA2	In general, our business takes a bold or aggressive approach when competing.	67 (19.1)	104 (29.6)	0 0	105 (29.9)	75 (21.4)
CA3	We try to undo and out-manuever the competition as best as we can.	71 (20.2)	70 (19.9)	0 0	136 (38.7)	74 (21.1)

Item 1 indicated that 93.1% of the respondents agreed that our business is intensely competitive, 6.3 % disagreed and only .3% of them were neutral. Item 2 indicated that 51.3% of the respondents agreed that In general, our business takes a bold or aggressive approach when competing, 48.7 % disagreed and only 0.0% of them were neutral. Item 3 indicated that 59.8% of the respondents agreed that we try to undo and out-manuever the competition as best as we can, 40.1 % disagreed and only 0.0% of them were neutral

Table 7: Hypothesis testing

Hypotheses	R	R ²	Adj R Square	Std. Error	F	P-value
H1: There is positive impact of the risk taking on small and medium-size enterprises' performance.	.827	.684	.683	.450	756.3	0.000
H2: There is positive impact of the innovation on small and medium-size enterprises' performance	.436	.190	.187	.721	81.7	0.000
H3: There is positive impact of the proactiveness on small and medium-	.632	.400	.398	.620	232.4	0.000

size enterprises' performance							
H4: There is positive impact of autonomy the on small and medium-size enterprises' performance	.632	.399	.397	.620	231.6	0.000	
H5: There is positive impact of the competitive aggressiveness on Small and medium-size enterprises' performance.	.552	.305	.303	.667	153.0	0.000	

H1: The analysis reveals a robust positive impact of risk-taking on small and medium enterprises (SMEs) performance, as evidenced by a high correlation coefficient ($R = 0.827$) and a substantial coefficient of determination ($R \text{ Square} = 0.684$). The statistically significant p-value (0.000) underscores the strength of this relationship, supporting the hypothesis that risk-taking plays a crucial role in enhancing SME performance. Consequently, the hypothesis is accepted, highlighting the importance of risk-taking in SME success.

H2: The study finds a positive impact of innovation on SME performance, with a moderate correlation coefficient ($R = 0.436$) and a significant coefficient of determination ($R \text{ Square} = 0.190$). The low p-value (0.000) provides strong evidence for the statistical significance of this relationship, affirming the hypothesis that innovation contributes positively to the performance of small and medium enterprises. As a result, the hypothesis is accepted, emphasizing the pivotal role of innovation in influencing SME success.

H3: The analysis indicates a positive impact of proactiveness on SME performance, supported by a moderate correlation coefficient ($R = 0.632$) and a substantial coefficient of determination ($R \text{ Square} = 0.400$). The statistically significant p-value (0.000) underscores the importance of proactiveness in influencing SME performance, confirming the hypothesis. Thus, the hypothesis is accepted, highlighting the significance of proactiveness in shaping SME success.

H4: Autonomy is found to have a positive impact on SME performance, as indicated by a correlation coefficient ($R = 0.632$) and coefficient of determination ($R \text{ Square} = 0.399$). The statistically significant p-value (0.000) provides strong support for the hypothesis, suggesting that autonomy plays a vital role in enhancing the performance of small and medium enterprises. Hence, the hypothesis is accepted, emphasizing the relevance of autonomy in influencing SME success.

H5: The analysis reveals a positive impact of competitive aggressiveness on SME performance, with a correlation coefficient ($R = 0.552$) and coefficient of determination ($R \text{ Square} = 0.305$). The low p-value (0.000) attests to the statistical significance of this relationship, supporting the hypothesis that competitive aggressiveness positively influences the performance of small and medium enterprises. Therefore, the hypothesis is accepted, highlighting the importance of competitive aggressiveness in determining SME success.

Discussion and Conclusion

Descriptive statistical analysis includes a full-scale investigation into the performance of SMEs in various departments, such as innovation, risk-taking autonomy, and finance functions. This analysis dissects survey populations step by step, throws light on their distribution across different categories, and tells us how much idea or expression these individuals have about any given thing. It is crucial when discussing a firm's performance to have such indicators as return on equity, return on sales, return on investment, return on assets, sales growth, and net profitability at one's fingertips. These measurements are vital signs of how well a company is doing financially and how efficiently it is running its operations. Understanding the distribution of responses across extreme depreciation to improvement provides valuable insight into strengths and weaknesses within SMEs; the same result is mentioned by (Ali et al., 2022).

Likewise, analysis of the entrepreneurial orientation includes innovation, proactiveness, risk-taking, and autonomy. These sets of dimensions are key to SMEs adapting to market changes, discovering new opportunities, and taking strategic actions. By looking at how responses are distributed across these sets of dimensions in statements, descriptive analysis can reflect what attitudes and paths predominate among SMEs toward innovation, as well as risk management decision-making power. More? Also, the descriptive analysis of opportunity recognition and finance, to some extent, tells us that although SMEs are promising in seizing emerging opportunities, they face difficulties in accessing funds. Knowing the distribution of responses to statements on the opportunity recognition questions, such as any change in customer preferences and overall tenure, will offer useful insights into how SMEs are situated in resource allocation strategies, the study result showing the same as the study of (Anwar & Shah, 2020).

The hypothesis testing phase explores the relationship between critical variables and SME performance in even greater depth. Hypotheses are formulated and tested using rigorous statistical analysis to see how substantial these relationships are. In the results of hypothesis testing, there is very strong evidence to support the beneficial effects that different factors have on SME performance. For example, the hypothesis tests suggest a significant positive effect of risk-taking on SME performance. This means that if an enterprise wants better success in its outcome, it must take more risks and not less. The positive effects of being innovative, proactive, autonomous, and competitive are confirmed by correlation coefficients that are statistically significant and low p-values, findings of the study supported by the study (Gavurova et al., 2020).

Furthermore, the findings show that strategic orientation and organizational capabilities are the keys to a successful SME. By accepting these hypotheses, we are acknowledging how crucial it is, for example, innovation in policy decisions and proactive decision-making processes, the degree of autonomy held within a structure, or the amount of competitive aggressiveness shown toward outside competitors across various fields--all affect SME performance outcomes, finding supportive by the study of (Khattak, 2021).

Recommendations

In today's fast-changing business landscape, small- and medium-sized enterprises (SMEs) rely on the input of inspiration, initiative, risk-taking, freedom from control by others, and competitive aggression.

- The relationship between entrepreneurial orientation and SME performance is a topic of major significance and potential for providing clues to the keys to success in this vital economic sector. When we know how entrepreneurial orientation affects SME performance, policy leaders in government and businesses, financial institutions or industry associations, and other stakeholders will be able to devise tailored strategies that promote a favourable environment for the growth and continued existence of small and medium-sized enterprises.
- Further research can also shed light on some of the actionable advice for SMEs to improve their entrepreneurial capability and competitive advantage. With careful analysis and experimental verification, researchers may discover best practices and effective strategies that make it possible for SMEs to make full use of the impetus from their entrepreneurial orientation, thus outperforming previous benchmarks.
- In addition, a study of how entrepreneurial orientation affects SME performance will add to this field's existing knowledge map. This will benefit scholars and future research in general as knowledge continues its expansion process.

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