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ENTREPRENEURIAL TRAITS AND FIRM PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN PORT HARCOURT, NIGERIA

Bazia, John N. S.
Jekey, Lekue
Department of Marketing, Faculty of Management Science,
University of Port Harcourt
Correspondence E-Mail: lekkue.jekey@uniport.edu.ng

Abstract
This study examined the relationship between entrepreneurial traits and firm performance among Small and Medium Enterprises (SMEs) in Port Harcourt, Nigeria. Specifically, the study investigated the influence of innovativeness and risk-taking propensity on financial performance indicators such as profitability, sales growth, and market share. Grounded in Trait Theory of Entrepreneurship and the Resource-Based View, the research adopted a quantitative correlational design. A census approach was used to collect data from 96 owners and managers across 30 selected SMEs within Port Harcourt Metropolis, with 91 valid responses analyzed using descriptive statistics and Pearson Product Moment Correlation at a 0.05 significance level. The findings revealed a strong positive and statistically significant relationship between innovativeness and financial performance ($r = 0.859$, $p < 0.01$), as well as between risk-taking propensity and financial performance ($r = 0.741$, $p < 0.01$). The results indicate that SMEs led by entrepreneurs who actively support innovation and engage in calculated risk-taking tend to achieve superior financial outcomes. The study concludes that entrepreneurial traits function as strategic internal resources that enhance SME competitiveness and sustainability in resource-constrained and volatile environments. The research contributes context-specific empirical evidence from Port Harcourt and offers practical implications for policy and entrepreneurial capacity development in emerging economies.

Keywords: Entrepreneurial Traits; Financial Performance; Firm Performance; Innovativeness; Risk-Taking Propensity.

Introduction

Small and Medium Enterprises are widely acknowledged as central drivers of economic growth, employment generation, and innovation, particularly within emerging economies. In Nigeria, SMEs contribute significantly to gross domestic product and serve as instruments for poverty reduction and economic diversification (Adebayo et al., 2023). Within Port Harcourt, which functions as a major commercial center in the Niger Delta

region, SMEs play a crucial role in sustaining economic activities beyond the oil and gas sector. However, the operating environment in the region is characterized by infrastructural deficiencies, environmental challenges, and economic volatility that constrain business performance (Adebayo et al., 2023).

Firm performance is commonly evaluated through indicators such as profitability, revenue growth, and business expansion. Despite policy interventions and institutional support initiatives, many SMEs in Port Harcourt continue to record weak financial outcomes and high failure rates (Abiodun & Amos, 2022). Prior studies have largely attributed these performance challenges to structural factors such as limited access to finance and inadequate infrastructure. While these external constraints are important, scholars increasingly argue that internal entrepreneurial characteristics significantly shape business outcomes (Obaji & Olugu, 2019).

Entrepreneurial traits refer to enduring psychological and behavioral characteristics that influence how entrepreneurs identify opportunities, allocate resources, and respond to uncertainty (Ayodele & Gata, 2024). Among the most examined traits in entrepreneurship research are innovativeness and risk taking propensity, both of which are foundational dimensions within the broader entrepreneurial orientation framework proposed by Lumpkin and Dess (1996). Innovativeness reflects the tendency of entrepreneurs to support new ideas, experimentation, and creative processes that may result in new products or services. Risk taking propensity captures the willingness of business owners to commit resources to opportunities with uncertain outcomes (Lumpkin & Dess, 1996).

Empirical evidence suggests that these traits are closely associated with improved firm performance. Uchenna and Okoye (2020) reported a significant positive relationship between entrepreneurial innovativeness and profitability among Nigerian SMEs. Similarly, Olabisi et al. (2021) found that risk taking behavior significantly influenced firm growth indicators such as market share and revenue expansion. Earlier work by Olawale and Garwe (2010) also demonstrated that entrepreneurial competencies, including calculated risk taking and innovation orientation, enhance strategic decision making and long term business sustainability. These findings collectively reinforce the argument that internal entrepreneurial dispositions contribute meaningfully to financial outcomes.

Within the Niger Delta region, however, evidence suggests that many SMEs struggle with weak innovative capacity and limited strategic risk engagement (Ebitu et al., 2015). These deficiencies often manifest in poor competitive positioning and limited scalability. Although studies such as those by Yusuf and Dansu (2021) have examined entrepreneurial competencies in other regions of Nigeria, there remains limited empirical attention directed specifically at Port Harcourt. This contextual gap is important because the socio economic structure of Port Harcourt differs from other Nigerian cities due to its dependence on the oil sector and exposure to environmental and economic disruptions (Adebayo et al., 2023).

Given these contextual peculiarities, it is necessary to investigate whether innovativeness and risk taking propensity significantly influence firm performance among SMEs operating within Port Harcourt. While prior studies provide general evidence of positive associations between entrepreneurial traits and performance, the strength and direction of these relationships may vary across regions and economic conditions. A focused examination within Port Harcourt therefore contributes to both theory and practice by providing context specific empirical insights.

This study examines the relationship between entrepreneurial traits, specifically innovativeness and risk taking propensity, and firm performance among Small and Medium Enterprises in Port Harcourt, Nigeria. By concentrating on financial and growth related performance indicators, the study advances a streamlined analytical framework that clarifies the direct contribution of selected entrepreneurial traits to measurable business outcomes. The findings are expected to extend entrepreneurship literature within emerging economy contexts and inform policy initiatives aimed at strengthening SME performance in economically vulnerable regions.

2.0 Literature Review

2.1 Conceptual Clarifications

2.1.1 Entrepreneurial Traits

Entrepreneurial traits refer to relatively stable psychological and behavioral characteristics that influence how individuals recognize opportunities, mobilize resources, and make strategic decisions under uncertainty (Rauch & Frese, 2007). Trait based perspectives argue that certain dispositional attributes differentiate entrepreneurs from non entrepreneurs and shape venture outcomes. Early foundational work by McClelland (1961) emphasized the need for achievement as a defining entrepreneurial characteristic, suggesting that individuals with high achievement motivation are more likely to initiate and sustain business ventures.

Contemporary entrepreneurship scholarship situates entrepreneurial traits within the broader construct of Entrepreneurial Orientation. Lumpkin and Dess (1996) conceptualized Entrepreneurial Orientation as comprising innovativeness, risk taking, and proactiveness. These dimensions reflect behavioral tendencies that guide firm level strategic posture. Although Entrepreneurial Orientation is often examined at the firm level, its origins lie in the psychological dispositions of founders and decision makers (Covin & Slevin, 1989).

Trait theory in entrepreneurship has evolved beyond deterministic views. Rauch and Frese (2007) argue that entrepreneurial traits influence performance indirectly through behaviors, strategic choices, and environmental interaction. This perspective aligns with the Resource Based View, which posits that unique internal capabilities contribute to sustained competitive advantage (Barney, 1991). From this standpoint, entrepreneurial

traits constitute intangible resources that may enhance firm performance when effectively deployed.

Within emerging economies, where institutional voids and environmental instability are prevalent, entrepreneurial traits become even more consequential. Weak infrastructure, regulatory uncertainty, and financial constraints increase the importance of individual initiative and adaptive capacity (Ariyo, 2005). In such contexts, traits such as innovativeness and willingness to take calculated risks may determine whether SMEs merely survive or achieve sustained growth.

This study therefore conceptualizes entrepreneurial traits as internal strategic capabilities embodied in SME owners, with specific emphasis on innovativeness and risk taking propensity.

2.1.2 Innovativeness

Innovativeness represents the tendency to support and engage in new ideas, experimentation, and creative processes that may result in new products, services, or operational methods (Lumpkin & Dess, 1996). It is rooted in Schumpeter's (1934) theory of economic development, which identifies innovation as the fundamental driver of competitive disruption and economic progress.

At the firm level, innovativeness manifests through product development, process improvement, technological adoption, and novel market positioning (Miller, 1983). Covin and Slevin (1989) argue that innovative firms actively pursue new opportunities and are willing to depart from established routines. In SMEs, innovativeness often compensates for limited financial and structural resources by enabling creative adaptation (Tidd & Bessant, 2013).

Empirical evidence supports the performance relevance of innovativeness. A meta analysis conducted by Rosenbusch et al. (2011) found a positive relationship between innovation and SME performance, particularly in dynamic environments. Similarly, Damanpour and Aravind (2012) demonstrated that organizational innovation significantly improves operational efficiency and financial outcomes.

In developing economies, innovativeness can serve as a resilience mechanism. Resource constraints, infrastructural deficits, and volatile markets require adaptive problem solving and opportunity reconfiguration (Ndesaulwa & Kikula, 2016). In Nigeria, where SMEs often operate in highly competitive and uncertain markets, innovative capacity may influence profitability and revenue growth through differentiation and cost efficiency.

However, innovation entails investment risk and implementation challenges. Firms that lack managerial competence or financial discipline may fail to translate innovative ideas into measurable financial gains. Therefore, the relationship between innovativeness and firm performance remains context dependent and warrants empirical validation within specific environments such as Port Harcourt.

2.1.3 Risk Taking Propensity

Risk taking propensity refers to the willingness of an entrepreneur to commit resources to opportunities with uncertain outcomes (Brockhaus, 1980). Entrepreneurship inherently involves uncertainty, and risk engagement differentiates entrepreneurial decision making from conventional managerial behavior (McClelland, 1961). Within the Entrepreneurial Orientation framework, risk taking captures the extent to which firms engage in bold rather than cautious actions (Lumpkin & Dess, 1996). Kreiser et al. (2013) emphasize that moderate and calculated risk taking enhances strategic positioning, whereas excessive or poorly assessed risk may undermine performance.

In SMEs, risk taking plays a dual role. On one hand, it facilitates entry into new markets, adoption of emerging technologies, and expansion into unfamiliar sectors (Zhao et al., 2005). On the other hand, SMEs often lack the capital buffers available to large corporations, making risk management essential for survival. Empirical studies generally report a positive association between calculated risk taking and financial performance. Olabisi et al. (2021) found that risk taking behavior significantly predicted growth indicators among Nigerian SMEs. Similarly, Zahra (1993) demonstrated that firms willing to engage in strategic risk achieved superior performance under competitive pressure.

In environments characterized by institutional instability, such as parts of the Niger Delta, entrepreneurs face amplified uncertainty due to infrastructural limitations and regulatory inconsistencies (Ariyo, 2005). Under such conditions, risk taking propensity may determine whether firms exploit emerging opportunities or remain stagnant. Nonetheless, the performance implications of risk taking are contingent upon strategic judgment and environmental awareness.

2.1.4 Firm Performance

Firm performance reflects the extent to which an organization achieves its strategic and financial objectives (Richard et al., 2009). It is widely regarded as a multidimensional construct that encompasses both financial and non financial outcomes. However, in entrepreneurship research, financial performance remains a primary indicator of venture success due to its objectivity and comparability (Venkatraman & Ramanujam, 1986).

The Resource Based View posits that firms achieve superior performance when they effectively deploy valuable, rare, inimitable, and non substitutable resources (Barney, 1991). Entrepreneurial traits may function as such intangible resources, influencing strategic decisions and ultimately financial outcomes. In developing economies, firm performance is often shaped by both internal competencies and external environmental constraints (Ariyo, 2005). SMEs in Nigeria operate within challenging macroeconomic conditions that include policy volatility, infrastructural deficiencies, and limited access to finance. Despite these constraints, some firms achieve sustained profitability, suggesting that internal entrepreneurial capabilities may mediate performance outcomes.

2.1.5 Financial Performance

Financial performance refers to the degree to which a firm generates revenue, profit, and sustainable economic returns from its operations (Kaplan & Norton, 1992). It provides measurable evidence of organizational effectiveness and strategic success. Common indicators of financial performance include profitability ratios such as return on assets and return on equity, as well as revenue growth and net profit margins (Penman, 2007). These measures capture efficiency in resource utilization and overall economic viability.

Venkatraman and Ramanujam (1986) emphasize that financial performance represents the core domain of business performance assessment because it reflects the cumulative impact of strategic decisions. In SMEs, financial performance also influences credit access, investor confidence, and long term survival (Abor, 2005).

In Nigeria, weak financial management practices and unstable economic conditions often undermine SME financial performance (Ariyo, 2005). However, firms that demonstrate strong strategic orientation and entrepreneurial capability tend to achieve improved profitability and growth (Olawale & Garwe, 2010).

Given the objective of this study, financial performance serves as the primary dependent variable through which the influence of innovativeness and risk taking propensity is assessed. Concentrating on financial indicators ensures conceptual clarity and analytical precision within the revised two independent and one dependent variable framework.

2.2 Theoretical Framework

This study is grounded in the Trait Theory of Entrepreneurship and the Resource-Based View (RBV) of the firm. Together, these perspectives provide complementary psychological and strategic explanations of how innovativeness and risk-taking propensity influence SME financial performance.

Trait Theory posits that enduring psychological characteristics shape entrepreneurial behavior and outcomes. While traits alone do not guarantee success, they influence opportunity recognition, cognition, and strategic decision-making. Empirical evidences (Brandstätter, 2011; Zhao et al., 2010) consistently links entrepreneurial traits to firm-level performance, revealing that openness, proactive personality, risk orientation, and achievement motivation positively predict venture growth and performance. Leutner et al. (2014) further demonstrated that innovativeness and calculated risk engagement significantly predict entrepreneurial success, while Karimi and Makreet (2020) showed that risk orientation and self-efficacy enhance SME financial performance under uncertainty. Trait Theory is particularly relevant in volatile contexts such as Port Harcourt, where limited institutional support increases reliance on entrepreneurs' dispositional capacities for innovation and risk engagement.

The RBV explains firm performance in terms of internal resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). Contemporary entrepreneurship research increasingly conceptualizes entrepreneurial traits as intangible strategic

resources. Wiklund and Shepherd argue that innovativeness and risk-taking function as firm-level capabilities that enhance opportunity exploitation, while Wales, Gupta, and Mousa describe entrepreneurial traits embedded in leadership as internal strategic assets shaping competitive positioning. Empirical studies reinforce this view. Ferreira, Coelho, and Moutinho and Saunila show that innovation capability significantly improves SME profitability, particularly in resource-constrained environments. In African contexts, Boso et al. find that entrepreneurial orientation enhances financial performance through strategic flexibility.

Within the RBV framework, innovativeness and risk-taking propensity constitute intangible human capital resources that can compensate for infrastructural and market constraints. In dynamic environments such as Port Harcourt, these internal capabilities enable adaptability and superior financial outcomes. Integrating Trait Theory and RBV therefore provides a coherent explanation: entrepreneurial traits shape strategic behavior, and when leveraged as valuable internal resources, they enhance SME financial performance.

2.3 Entrepreneurial Traits and Firm Performance

Entrepreneurial traits are enduring cognitive, emotional, and behavioral characteristics that shape opportunity recognition, strategic decision-making, and venture growth. Contemporary entrepreneurship research increasingly links these traits to measurable firm-level outcomes, particularly within SMEs operating under environmental uncertainty. Recent empirical evidence demonstrates that traits such as innovativeness, proactiveness, risk-taking propensity, and entrepreneurial self-efficacy are significant predictors of firm performance across diverse contexts. For instance, Leutner et al. (2014) developed the Entrepreneurial Personality Profile and showed that entrepreneurial personality dimensions are strongly associated with venture success. Similarly, Wales et al. (2013) emphasized that entrepreneurial traits embedded within leadership function as strategic resources that enhance competitive positioning.

More recent studies reinforce the performance relevance of entrepreneurial traits in dynamic environments. Ferreira et al. (2020) found that entrepreneurial orientation contributes significantly to SME financial performance through capability development mechanisms. In African contexts, Boso et al. (2021) demonstrated that entrepreneurial orientation enhances financial outcomes through strategic flexibility. Collectively, these findings suggest that entrepreneurial traits do not operate in isolation; rather, their interaction and alignment with contextual conditions determine their performance impact.

Firm performance in entrepreneurship research is commonly assessed through financial indicators such as profitability, revenue growth, and return on investment. Given the centrality of financial sustainability to SME survival in volatile markets, recent scholarship increasingly prioritizes financial performance as a primary outcome variable, particularly in emerging economies.

2.3.1 Innovativeness and Firm Performance

Innovativeness, which is defined as the tendency to support creativity, experimentation, and the development of new products or processes, remains one of the most robust predictors of SME performance. A comprehensive meta-analysis by Rosenbusch et al. (2011) established a positive relationship between innovation and SME performance, particularly in dynamic markets. More recently, Hultman et al. (2019) showed that innovative orientation significantly improves export performance and profitability.

Evidence from developing economies further underscores the strategic value of innovativeness. Oduro (2019) found that innovative SMEs in Ghana recorded higher revenue growth, while Ayalew and Zeleke (2018) reported that innovation orientation significantly predicts financial performance among Ethiopian SMEs. In Nigeria, Adegbite and Machethe (2020) demonstrated that innovation-driven entrepreneurs achieve superior financial outcomes in turbulent economic environments.

However, recent scholarship cautions that innovation outcomes are context-sensitive. Innovation requires strategic alignment, resource capability, and effective implementation; without these, innovative efforts may increase costs and performance volatility. Thus, while innovativeness generally enhances competitive differentiation and revenue growth, its financial impact depends on managerial capability and environmental stability.

2.3.2 Risk-Taking and Firm Performance

Risk-taking propensity refers to the willingness to commit significant resources to opportunities with uncertain outcomes. Contemporary research largely supports a positive association between calculated risk-taking and SME growth. Kraus et al. (2012) found that risk-taking significantly predicts SME expansion, particularly in dynamic industries. Similarly, Kreiser et al. (2013) showed that moderate risk-taking is positively related to financial performance, although excessive risk exposure may undermine sustainability.

Recent evidence from African contexts highlights the contingent nature of this relationship. Donbesuur et al. (2020) demonstrated that risk engagement improves financial performance when supported by strategic capability. In Nigeria, Olokundun et al. (2021) reported that entrepreneurial risk orientation significantly influences SME revenue growth and expansion decisions. These findings suggest that risk-taking enhances performance when it is deliberate, strategically evaluated, and aligned with firm capabilities.

2.4 Research Gap

Although recent empirical studies confirm that innovativeness and risk-taking positively influence SME performance, most evidence originates from developed or broadly defined emerging economies. Limited research provides localized, context-specific analysis within oil-dependent urban economies such as Port Harcourt in the Niger Delta, where

infrastructural deficits, environmental volatility, and institutional constraints may alter the strength and direction of these relationships.

Furthermore, many Nigerian studies examine entrepreneurial orientation as a composite construct rather than isolating innovativeness and risk-taking propensity as distinct traits and evaluating their direct effects on financial performance. There remains insufficient focused empirical evidence that examines these traits independently, using financial performance as the primary outcome variable, within a single localized and economically volatile context. This study addresses these gaps by providing context-specific analysis of how innovativeness and risk-taking propensity influence SME financial performance in Port Harcourt.

3.0 Methodology

This study adopted a quantitative correlational design to examine the relationship between entrepreneurial traits, specifically innovativeness and risk taking propensity, and the performance of SMEs in Port Harcourt Metropolis. The design was appropriate because it enabled objective measurement of variables and statistical examination of the strength and direction of their relationships without manipulation.

The study focused on SMEs operating within Port Harcourt Metropolis, Rivers State, Nigeria. The target population comprised owners and managers of 30 selected SMEs, totaling 96 respondents. The study was limited to 30 SMEs to ensure manageability, accessibility, and completeness of responses within time and resource constraints. Concentrating on Port Harcourt Metropolis provided a clearly defined economic and administrative boundary, allowing for contextual analysis within a major commercial hub characterized by infrastructural and financial constraints that affect SME operations.

Given the relatively small population of 96 respondents across the 30 SMEs, a census approach was adopted. All owners and managers within the selected firms were included in the study. This approach enhanced representativeness and eliminated sampling bias. Proportional allocation was applied at firm level to ensure adequate coverage.

Data were collected using a structured questionnaire designed to capture demographic information, measure entrepreneurial traits using items adapted from established Entrepreneurial Orientation scales (focusing on innovativeness and risk taking propensity), and assess firm performance using subjective indicators such as sales growth, profitability, and market share.

Data were analyzed using descriptive and inferential statistics. Descriptive statistics including mean, standard deviation, and frequency distributions summarized respondent characteristics and variable patterns. Pearson product moment correlation was employed to test the hypotheses and determine the strength and direction of the relationship between entrepreneurial traits and firm performance. Statistical analysis was conducted using SPSS version 27. Significance was assessed at the 0.05 level.

Content validity was ensured through expert review of the instrument. Internal consistency reliability was assessed using Cronbach alpha, with a threshold of 0.70 considered acceptable. The reliability results confirmed that the instrument was suitable for the main study.

4.0 Results

A total of 96 questionnaires were distributed to owners and managers of SMEs within Port Harcourt Metropolis. Out of these, 91 were retrieved, while 5 were not returned. All 91 retrieved questionnaires were usable for analysis, representing a response rate of 94.8 percent. This high response rate enhances the reliability of the findings and reduces the likelihood of non response bias.

Of the 91 respondents, 62.6 percent were male and 37.4 percent were female. The majority were between 31 and 40 years of age, accounting for 80.3 percent of the sample. In terms of educational attainment, 56.0 percent held HND or BSc degrees, 24.2 percent possessed MBA or MSc qualifications, 11.0 percent had PhD qualifications, and 8.8 percent had SSCE or OND certificates. Regarding work experience, 61.6 percent had between 5 and 13 years of experience, while 17.6 percent had 14 years and above. This profile indicates that most respondents were relatively experienced and formally educated SME owners or managers. The demographic composition suggests that the study results reflect a well-educated, experienced, and mid-career entrepreneurial population in Port Harcourt. This supports the reliability of the findings and implies that the observed relationships between entrepreneurial traits and SME performance are likely influenced by a combination of experience, education, and maturity in business management.

4.1 Preliminary Assessment of Relationship: Scatter Plot Analysis

A scatter diagram was constructed to examine the linear relationship between entrepreneurial traits and financial performance of SMEs in Port Harcourt Metropolis. Entrepreneurial traits were plotted on the horizontal axis, while financial performance was plotted on the vertical axis.

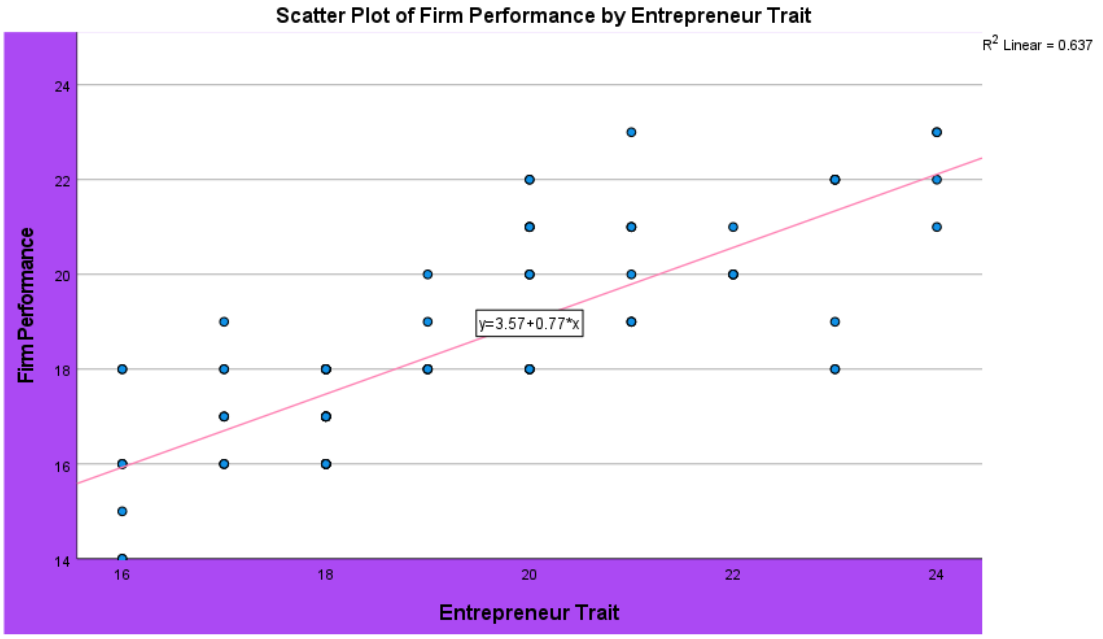

Figure 1: Scatter diagram of the positive relationship between entrepreneur trait and firm performance

The distribution of data points revealed a clear upward trend from left to right, indicating a positive linear relationship. The clustering of points around an imaginary straight line suggests consistency in the association between higher levels of entrepreneurial traits and improved financial performance. There was no visible pattern of dispersion that would suggest randomness or absence of association. The scatter diagram therefore provides preliminary visual evidence of a positive relationship between entrepreneurial traits and firm performance. This observation justified the use of Pearson product moment correlation to statistically test the strength and significance of the relationships.

4.2 Hypotheses Testing Using Pearson Correlation

Pearson correlation analysis was conducted at a 0.05 level of significance to examine the relationships between innovativeness, risk taking propensity, and financial performance. The results are presented in Table 1.

Table 1: Correlation Matrix (N = 91)

Variables	Innovativeness	Risk Taking Propensity	Financial Performance
Innovativeness	1	—	0.741**
Risk Taking Propensity	—	1	0.859**
Financial Performance	0.859**	0.741**	1

Note: p < 0.01 (2 tailed)

H_o1: Innovativeness and Financial Performance

The results show a strong positive correlation between innovativeness and financial performance ($r = 0.859$, $p < 0.01$). The coefficient value indicates a very strong linear association. This implies that SMEs whose owners demonstrate higher levels of innovativeness tend to report superior financial outcomes. Since the probability value is less than 0.01, the null hypothesis was rejected.

H_o2: Risk Taking Propensity and Financial Performance

The analysis also reveals a strong positive relationship between risk taking propensity and financial performance ($r = 0.741$, $p < 0.01$). The strength of the correlation indicates that willingness to take calculated risks significantly contributes to improved financial performance. The null hypothesis was therefore rejected.

4.3 Discussion of Findings

The empirical results of this study demonstrate that entrepreneurial traits significantly influence the financial performance of SMEs in Port Harcourt Metropolis. Both innovativeness and risk taking propensity exhibited strong positive relationships with financial performance, suggesting these traits are critical internal drivers of SME success in a resource-constrained and competitive environment.

The strong positive correlation between innovativeness and financial performance ($r = 0.859$, $p < 0.01$) indicates that SMEs led by entrepreneurs who actively engage in creative thinking, adopt new processes, and introduce novel services or products tend to achieve superior financial outcomes. This finding is consistent with recent empirical evidence indicating that innovativeness enhances firm performance in dynamic markets. For example, Hultman et al. (2019) found that innovative orientation consistently improved export performance and profitability among firms operating in competitive industries. Similarly, Oduro (2019) observed that innovative SMEs in Ghana experienced higher revenue growth compared to less innovative counterparts. As SMEs in Port Harcourt face infrastructural challenges and market volatility, innovativeness appears to provide strategic flexibility and competitive advantage, enabling firms to differentiate themselves and sustain profitability.

The results further show a strong positive relationship between risk taking propensity and financial performance ($r = 0.741$, $p < 0.01$), suggesting that entrepreneurs willing to commit resources to uncertain opportunities are more likely to achieve better financial results. This aligns with findings from Olokundun et al. (2021), who reported that risk taking positively influenced SME performance metrics such as sales growth and market expansion within Nigerian business contexts. In addition, Donbesuur et al. (2020) found that strategic risk taking enhanced firm performance in Ghana, particularly when combined with other entrepreneurial capabilities. Taken together, these studies reinforce

the importance of risk taking as a behavioral trait that enables SMEs to exploit market opportunities and adapt to changing conditions.

The significance of these relationships in the Port Harcourt context underscores the role of internal entrepreneurial capacities in overcoming external constraints. As Karimi and Makreet (2020) highlighted, entrepreneurs in emerging economies with strong innovativeness and risk orientation are better positioned to navigate institutional voids and achieve competitive outcomes. Ferreira et al. (2020) also noted that entrepreneurial orientation contributes to SME performance by shaping strategic responses to environmental uncertainties. These insights align with the current findings, suggesting that entrepreneurial traits are not merely psychological characteristics but strategic drivers of financial outcomes.

In summary, the results provide strong empirical support that innovativeness and risk taking propensity are key determinants of financial performance among SMEs in Port Harcourt Metropolis. The findings extend recent literature by demonstrating that these entrepreneurial traits maintain their performance-enhancing effects even under conditions of infrastructural deficits, market unpredictability, and limited external support. This underscores the need for policies and interventions that strengthen entrepreneurial competencies, particularly innovation and risk management capabilities, to support SME growth and sustainability in similar emerging economy contexts.

5.0 Conclusion

This study set out to examine the effect of innovativeness and risk-taking propensity on the financial performance of SMEs in Port Harcourt Metropolis. The findings provide strong empirical evidence that both entrepreneurial traits significantly and positively influence SME financial outcomes. Innovativeness demonstrated a very strong association with financial performance, suggesting that SMEs that embrace creativity, experimentation, and product or process improvements are more likely to experience increased profitability and revenue growth.

Similarly, risk-taking propensity showed a strong positive relationship with financial performance, indicating that entrepreneurs who are willing to commit resources to calculated opportunities under uncertainty achieve better business outcomes. In the context of Port Harcourt, an environment characterized by infrastructural challenges, economic volatility, and institutional constraints, internal entrepreneurial capabilities appear to play a decisive role in determining SME success. The study therefore concludes that innovativeness and calculated risk-taking are critical determinants of SME financial performance within emerging and resource-constrained economies.

6.0 Recommendations

Based on the findings of this study, it is recommended that SME owners and managers actively cultivate innovative thinking and structured risk-management practices through continuous training, strategic planning, and market research, while entrepreneurship development programs should emphasize practical innovation and calculated risk assessment skills. Government agencies and SME development institutions in Rivers State should design targeted innovation support schemes, including innovation grants, incubation programs, and technology adoption incentives, to enhance SME competitiveness. Additionally, SME support bodies should provide workshops and advisory services focused on strategic risk evaluation, financial planning, and investment decision-making to help entrepreneurs balance boldness with prudence. Financial institutions are encouraged to develop SME-friendly credit schemes that support innovative projects while incorporating flexible risk assessment frameworks tailored to small business realities. Furthermore, universities and business schools in the region should strengthen entrepreneurship curricula to include innovation management and risk analysis to better prepare emerging entrepreneurs to drive firm performance. By strengthening innovativeness and promoting calculated risk-taking behaviors, SMEs in Port Harcourt can enhance financial performance, achieve sustainable growth, and contribute more effectively to regional economic development.

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