FACTORS ANALYSIS OF ENTREPRENEURSHIP READINESS VARIABLE AMONG SMES PERFORMANCE IN BAUCHI STATE

Kagu Bukar
Federal Polytechnic P.M.B. 1006 Damaturu Yobe State Nigeria
Correspondence address: *Kagubukar24@gmail.com*

Abstract

The aim of the study is to determine the factor structure of entrepreneurship performance among SMEs in Bauchi State. Target population of the study was small business manufacturing enterprise in Bauchi State. Based on a random sampling, the sample size of the study was 302 SMEs Bauchi State. A structured questionnaire was used to gather data from owner managers of the enterprises. The data was analyzed through exploratory factor analysis. The finding of the study revealed that entrepreneurship readiness variable can effectively measure the performance of SMEs in Yobe State.

Keywords: Entrepreneurship, SMEs, Business Performance

I. Introduction

The earliest usage of the term "entrepreneurship" is recorded in 17th century by French Military history. It referred to person who undertook to lead military expeditions. An in 18th century Irishman named Richard Cantillon who was living in France at that time, is credited with being the first to use the term entrepreneur in a business context, as someone who buys goods and services at certain price with a view to selling them at uncertain prices in the future. This definition seemed to satisfy people, until a decade or so late Jean Baptiste say, writing in 1803, described the entrepreneurial function in broader terms lying emphasis "on the bringing together the factors of production with the provision of management and the bearing of the risks associated with the ventures" while say and cantillon created some interest in entrepreneurs and their role in the society.

In the early 20th century when the morovian. Joseph Schumpeter, cast the entrepreneur as being the central actor in the change process, that anyone really took note. Schumpeter maintained that it was the entrepreneur who used Protestantism to legitimize what they were already doing. He attributed the motivation of the entrepreneur to the need to find a private kingdom, the will to conquer, the impulse to fight, to prove oneness superior to others, to succeed for sake of it and not for the fruit of success itself and finally there is a joy of creating, getting things done or simply exercising ones energy and ingenuity. Another prominent scholar of entrepreneurship is Frank Knight, whose work appeared before Schumpeter's Knight (1921) contributed significantly to the study of entrepreneurship through his profound theory on profit, thorough distinction between risk and uncertainty and his outstanding identification of entrepreneurship with control and responsibility. According to Knight (1921) entrepreneurs are distinguishable from non-entrepreneurs based on their willingness to bear the cost of uncertainty.

In return for this willingness the entrepreneur will be rewarded with profit, that is, the residual income lest after all necessary payment have been made. The theory of structural Economic Transformation, which was formulated by novel laurate w. Authur Lewis in the mid 50s which was later modified by John Fei and Gustive Todaro, the primary focus of the model is on both the process of labor transfer,

growth of output and general employment in modern sector. The model is particularly formulated as a theory of development to explain the process of economic transformation of the developing countries or the then third worlds.

II. Entrepreneurship readiness

Entrepreneurship readiness in the context of this study refers to self-efficacy of the entrepreneur. From the words of Umar, (2011), view it as involving training which is crucial for the productivity and quality of work in an organization. Also it leads to effectiveness, efficiency and motivation of the employees of the organization. The owners of the enterprises have considerable personal.

III. Factors analysis of Entrepreneurship Readiness Variable among SMES performance in Bauchi State

Influence over a firms operation and decision making. Peter, (2001) as cited in (Anon), clearly indicates that most business that seek external finance do not meet the requirement of external investors. The investment decision-making process involves two stages. At the first stage the opportunity is assessed against the investor's investment parameters- for example, sector, stage of business, size of investment, location. The first concern of business angels when appraising an investment opportunity is the, "goodness of fit" between the opportunity and their own personal investment criteria.

The key consideration include whether the investor is interested or knows anything about the industry or market, the amount of finance required and its location. Information- or failure to seek out the information that does exist-explains why entrepreneurs makes approaches to inappropriate investors. Admittedly, given the anonymity of most business angels it is much harder to identify their interest in advance of approaching them. A study of investment decision making by UK business men based on business plan summaries indicated that they were turned off by business that lack focus; where comprehensive and credible market information is lacking; that operates in highly competitive market and lack a unique selling point (Anon). Investors wanted to understand the way the product or service is distinctive or superior to that of the competitive and how any competitive advantage will be sustained.

They also placed considerable emphasis on the experience and track- record of the entrepreneur, his/her commitment, upside potential of the business, and the use to which the finance that is sought will be put (Mason and Rogers, 1997). Oburra (2008) says SMEs needs to have access to adequate information to enhance productivity and to facilitate market access. The establishment of an active SMEs sector and the effective utilization of quality business information has been as crucial in attaining long term and sustainable economic growth for developed countries Cooper, (1993).

However, in most developing countries, the SMEs sectors suffers inadequacies in the provision of business information which is only available from institutions, which is often slow and cumbersome to access and is not provided in an integrated manner UNIDO. A study conducted in northern Uganda by Uburra (2008) shows that the SMEs depends, mostly on information institutions as they lack an awareness of important business information provision agencies or institutions, therefore, access to information is insufficient.

Objective of the study

The objective of the research is to determine the factor analysis of entrepreneurship readiness variable among SMEs performance in Bauchi State, Nigeria.

IV.   Methodology

Survey research study was carried out to identify the factor analysis of entrepreneurship readiness variable among the SMEs performance in Bauchi. Based on a random sampling, the sample size of the study was 302 small business enterprise in Bauchi state. A structure questionnaire was used to gather data from owner managers of the enterprises. Questionnaire is considered the most popular technique of data collection. Were the questionnaire is composed of body of questions formulated to collect data for assessment.

V.   Data Analysis and Discussion of Findings

The researcher uses exploratory factor analysis to determine the factor loading of the entrepreneurship readiness variable. The analysis involved a repetitive or iterative process before reaching the final solution of the dimensionality of the factors based on the item convergence to a factor and the factor loading of ≥ .50 are retained based on the cut point by (Hair *et al.*, 2010). The analysis of entrepreneurial readiness construct reveals that four items out of the proposed five items converged to the construct. Item ENT 1had one form of factorial violation or the other.

The remaining items' factors loadings exceeded .50 and the loading ranged from .860 to .822 which was an indication of inter item strong correlation among the measure. The measure of sampling adequacy (MSA) of each item ranged from .652 to .844, while the percentage of variance explained of the measure was good with eigenvalue of 3.2>1.0. Table to gives the summary of the analyzed results.

Table 20: summary of item loadings for the construct entrepreneurial readiness

Code items	FL	MSA
ENT 2 I have reliable managerial skills and knowledge needed to manage a small business enterprise.	**0.868**	0.759
ENT 3 The manager is dynamic in decision making process concerning the enterprise.	**0.856**	0.773
ENT 4 I have good communication skills needed for my business.	**0.830**	0.831
ENT 5 I have the required entrepreneurial skills and knowledge identify opportunities and threats concerning business.	**0.822**	0.844

VI.   Summary

Empirical study was carried out to determine the factor structure of entrepreneurship variable among SMEs performance in Bauchi state. The study utilizes probability sampling method through the use of simple random sampling to determine the sample size of the study. Crejcie and Morgan formula for determining sampling size was used arrive at the sample size of the study. A structure questionnaire was used to collect data from respondent, after which the data collected was subject to statistical analysis. The finding of the result was used to draw recommendation and conclusion.

VII.   Recommendation

The following represent key recommendations to help improve the performance of SMEs in Bauchi Sate Nigeria, so as to make them vibrant through the creation of an enabling environment for optimum performance.

   a. Base on the findings of the study, it was revealed that the measure of sampling adequacy is construct/variable can effectively measure the performance of manufacturing SMEs in Bauchi State.
   b. The factor loadings were within the cutoff point and the measure of sampling adequacy is within the acceptable threshold.
   c. The eigenvalue is within the acceptable out off point; therefore, the factor analysis conducted had revealed that the entrepreneurship readiness construct can effectively measure the performance of SMEs in Bauchi State.

VIII.   Conclusion

The objective upon which the research study was carried out for, has been achieved by determining the factor structure of entrepreneurship readiness variable, and recommendations were draw based on the result of the study which will help improve the model and thereby enhance the performance of the SMEs, and contribute to the body of literature in that direction, also to allow other researchers in that field to utilize the finding to improve their similar problem.

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