

2021

The influence of entrepreneurial behavior on performance of small and medium enterprises: a case of agro-dealers

Masunga, Pendo Benni

The University of Dodoma

Masunga, P.B. (2021). The influence of entrepreneurial behavior on performance of small and medium enterprises: a case of agro-dealers (master's dissertation). The University of Dodoma, Dodoma.

<http://hdl.handle.net/20.500.12661/3521>

Downloaded from UDOM Institutional Repository at The University of Dodoma, an open access institutional repository.

**THE INFLUENCE OF ENTREPRENEURIAL
BEHAVIOR ON PERFORMANCE OF SMALL AND
MEDIUM ENTERPRISES: A CASE OF AGRO-
DEALERS**

PENDO BENNI MASUNGA

**MASTERS OF BUSINESS ADMINISTRATION
THE UNIVERSITY OF DODOMA
DECEMBER, 2021**

**THE INFLUENCE OF ENTREPRENEURIAL BEHAVIOR ON
PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES: A
CASE OF AGRO-DEALERS**

BY
PENDO BENNI MASUNGA

A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION

THE UNIVERSITY OF DODOMA
DECEMBER, 2021

DECLARATION AND COPYRIGHT

I, Pendo Benni Masunga, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature 

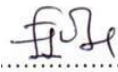
No part of this dissertation may be reproduced, stored in any retrieval system, or transmitted in any form or by any means without prior written permission of the author or the University of Dodoma. If transformed for publication in any other format shall be acknowledged that this work has been submitted for degree award at the University of Dodoma.

CERTIFICATION

The undersigned certify that they have read and hereby recommend for acceptance by the University of Dodoma thesis/dissertation entitled “**The Influence of Entrepreneurial Behaviour on Performance of Small and Medium Enterprises: A Case of Agro-Dealers**” in partial fulfillment of the requirements for the degree of Master of Business Administration of the University of Dodoma.

Dr. Elia John

Signature


.....

Date 17/11/2021.....

(Supervisor)

ACKNOWLEDGEMENTS

I take this opportunity to thank, almighty God for keeping me alive and energetic from the start of my study to date. I honestly believe that the output of this report is not my only contribution; rather it received numerous contributions from many individuals and organizations. All of which have been a great assistance towards the successful accomplishment to a better quality report without forgetting all my friends and classmate for their truly support in different stages of my research work.

I am owed to express special thanks to my supervisor Dr. Elia John for his cordial and professional guidance throughout the entire period. Also my thanks go to the respondents of this study and every institution that enabled me to collect data and all those who helped in proof reading and editing my initial drafts of this work.

I would like also to thank my entire family for their affectionate love towards me and their tolerance during my study time from the course work up to dissertation writing. I am highly indebted to express my special, sincere and whole hearted thanks and appreciation to my Parents for their appreciated, endless and reasonable support.

Nevertheless, the friendly contributions received from the management and staff of the University of Dodoma (UDOM) during the whole exercise of proposing the research title and report writing are highly appreciated.

ABSTRACT

Entrepreneurial behaviors towards the business performance are quite imperative, this is recognized as an important drive in productivity, innovation and employment. In reality existence of some of the behaviors are connected to business performance. This study focused on the influence of entrepreneurial behaviors on business performance. It specifically addressed the influence of self-learning, innovative behavior, and self-efficacy on business performance. A cross sectional research design was adopted in this study to facilitate and handle data collection in a single point in time. The systematic random sampling technique was used to select the sample size of this study which involved 204 SME owners and operation managers from 102 SMEs of agro-dealers in Arusha District. The surveyed data were presented by using descriptive statistics and inferential statistics. The collected data were processed and analyzed by using SPSS software (Social Science Statistical Package). Findings revealed that, self-learning, self-efficacy and innovative behavior influence SMEs performance. Innovative behavior has greater influence compared to other behaviors, then followed by self-efficacy and last self-learning. By focusing on a specific line of business, this study contributed by assessing the influence of entrepreneurial behavior of both business owners and business managers on SMEs performance. The study concludes that, if SMEs are to achieve impressive performance, the entrepreneurial behavior of SME owners and managers cannot be underestimated. This study proposes that adequate attention be paid to entrepreneurial behavior as a determinant of business performance.

TABLE OF CONTENTS

DECLARATION AND COPYRIGHT	i
CERTIFICATION	ii
ACKNOWLEDGEMENTS	iii
ABSTRACT.....	iv
TABLE OF CONTENTS	v
LIST OF TABLES	ix
LIST OF FIGURES	xi
LIST OF APPENDIX	xii
LIST OF ABBREVIATION.....	xiii
CHAPTER ONE	1
1.0 INTRODUCTION.....	1
1.1 Background information of the study	1
1.2 Statement of the problem	6
1.3 Objectives of the study.....	6
1.3.1 General Objective.....	6
1.3.2 Specific Objectives.....	6
1.4 Research Questions	7
1.5 Significance of the study	7
CHAPTER TWO	9
2.0 LITERATURE REVIEW.....	9
2.1 Definitions of Key Concepts	9
2.1.1 Entrepreneur.....	9
2.1.2 Entrepreneurship	10
2.1.3 Entrepreneurial behavior	10
2.1.4 Small and Medium Enterprise (SMEs)	14
2.1.5 Performance	15
2.3 Empirical Review.....	18
2.3.1 The influence of self-learning on SMEs performance	19
2.3.2 The influence of self-efficacy on SMEs performance	19
2.3.3 The influence of innovative behavior on SMEs performance	20

2.4 Research Gap	21
2.5 Conceptual Framework	22
CHAPTER THREE	24
3.0 RESEARCH METHODOLOGY	24
3.1 Research Design.....	24
3.2 Research Approach	24
3.3 The Study Area	25
3.4 Population of the study	25
3.4.1 Unit of analysis	26
3.5 Sampling	26
3.5.1 Sampling Technique.....	26
3.5.2 Sample Size.....	27
3.6 Data Collection Method	28
3.6.1 Primary Source.....	28
3.6.2 Data collection tool	28
3.7 Operationalization of variable.....	30
3.8 Data processing and analysis	31
3.8.1 Model specification.....	31
3.9 Validity and Reliability	33
3.9.1 Validity.....	33
3.9.2 Reliability.....	34
3.10 Ethical Consideration	34
CHAPTER FOUR.....	35
4.0 DATA PRESENTATION AND INTERPRETATION.....	35
4.1 Profile of Respondents	35
4.1.1 Sex of the respondent.....	35
4.1.2 Employment status of the respondent	36
4.1.4 Respondents marital status.....	38
4.1.5 Education level of the respondents	38
4.1.5.1 Business owners education level.....	38
4.1.5.2 Operation managers education level	39

4.1.6 Experience in business	40
4.2 Description of SME's.....	40
4.2.1 Firm Age	40
4.2.2 Legal form of ownership.....	41
4.2.3 Number of employees	41
4.3 Testing the assumptions of multiple linear regression.....	42
4.3.1 Multi-collinearity test.....	42
4.3.2 Linearity of variable.....	43
4.3.3 Normality of the variables.....	44
4.4 Reliability Test.....	47
4.5 Influence of self-learning on business performance	48
4.5.1 Reliability test for each item included in self-learning	48
4.5.2 Inferential statistics for objective one: Influence of self-learning on business performance.	50
4.5.2.1 Influence of self-learning for both business owner and operation manager on profit.	50
4.6 Influence of self-efficacy on business performance.....	58
4.6.1 Reliability test for each item included in self-efficacy	58
4.7 The Influence of innovative behavior on business performance.	67
4.7.2 Inferential statistics for the objective three: The influence of innovative behavior on SME's performance.	68
4.7.2.1 Influence of innovative behavior for both business owner and operation manager on profit.	69
CHAPTER FIVE.....	76
5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	76
5.1 Introduction	76
5.2 Summary of the findings.....	76
5.2.1 Entrepreneurial behaviors on SME's performance	76
5.2.2 The influence of self-learning on SME's performance.....	76
5.2.3 The influence of self-efficacy on SME's performance.....	77
5.2.4 The influence of innovative behaviors on SME's performance	77
5.3 Conclusions.....	78

5.4.1 Recommendation for entrepreneurs	79
5.4.2 Theoretical Recommendations.....	79
5.4.3 Methodological Recommendations.....	79
5.4.4 Policy Recommendations.....	80
5.5 Suggestions for further Studies	80
REFERENCES.....	82
APPENDIX.....	91

LIST OF TABLES

Table 2. 1: Categories of SMEs in Tanzania.....	15
Table 4. 1: Sex of the respondent.....	36
Table 4. 2: Employment status of the respondent by business position.....	36
Table 4. 3: Business Owner’s age.....	37
Table 4. 4: Business Operation Manager’s age.....	37
Table 4. 5: Respondents marital status.....	38
Table 4. 6: Business owners education level	39
Table 4. 7: Business operation managers education level.....	39
Table 4. 8: Respondents working experience in business.....	40
Table 4. 9: Year of establishment/acquisition.....	41
Table 4. 10: Type of ownership	41
Table 4. 11: Number of employees	42
Table 4. 12: Shows collinearity diagnosis.....	43
Table 4. 13: Descriptive statistics for self-learning	45
Table 4. 14: Descriptive statistics for self-efficacy.....	46
Table 4. 15: Descriptive statistics for innovative behavior.....	47
Table 4. 16: Shows reliability Statistics for all independent variable.....	48
Table 4. 17: Reliability test for each item included in self-learning.....	49
Table 4. 18: Model summary for objective one: self-learning on profit.....	50
Table 4. 19: ANOVA test for objective one on profit	51
Table 4. 20: Relationship between self-learning and profit.....	52
Table 4. 21: Model summary for objective one: self-learning on ROA	55
Table 4. 22: ANOVA test for objective one on ROA	55
Table 4. 23: Relationship between self-learning and ROA.....	56
Table 4. 24: Reliability test for each item included in self-efficacy	59
Table 4. 25: Model summary for objective two: self-efficacy on profit.....	60
Table 4. 26: ANOVA Test for objective two: self-efficacy on profit.....	60
Table 4. 27: Relationship between self-efficacy and profit	61
Table 4. 28: Model summary for objective two: self-efficacy on ROA	64
Table 4. 29: ANOVA Test for objective two: self-efficacy on ROA	64
Table 4. 30: Relationship between self-efficacy and ROA.....	65
Table 4. 31: Reliability test for each item included in innovative behavior	68

Table 4. 32: Model summary for objective three: innovative behavior on profit.....	69
Table 4. 33: ANOVA Test for objective three: innovative behavior on profit.....	70
Table 4. 34: Relationship between innovative behavior and profit	70
Table 4. 35: Model summary for objective three: innovative behavior on profit.....	73
Table 4. 36: ANOVA Test for objective three: innovative behavior on ROA	73
Table 4. 37: Relationship between innovative behavior and ROA.....	74

LIST OF FIGURES

Figure 2. 1: Conceptual Framework.....	23
Figure 4. 1: Normal P-P plot of regression for linearity test.....	43
Figure 4. 2: Normal P-P plot of regression for linearity test.....	44

LIST OF APPENDIX

Appendix I: Questionnaires for Respondent 91

LIST OF ABBREVIATION

ANOVA	Analysis Of Variance
CAMARTEC	Centre for Agricultural Mechanization and Rural Technology
ESE	Entrepreneurial Self-Efficacy
EU	European Union
GDP	Gross Domestic Product
IPi	Institute of Production Innovation
ROA	Return on Asset
SIDO	Small Industries Development Organizations
SME	Small and Medium-sized Enterprise
SPSS	Statistical Package for Social Sciences
SMEDP	Small and Medium Enterprise Development Policy
SIDP	Sustainable Industrial Development Policy
UDOM	University of Dodoma
TEMDO	Tanzania Engineering and Manufacturing Design Organization
TIRDO	Tanzania Industrial Research and Development Organization
TBS	Tanzania Bureau of Standards
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UN	United Nation
URT	United Republic of Tanzania
USA	United State of America
VETA	Vocational Education and Training Authority
VIBINDO	Vikundi vya Biashara Ndogo

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background information of the study

Entrepreneurship has been one of the fields that is receiving a huge amount of attention from business academia, business practitioners, governments and policymakers all around the world (Mnisi and Rankhumise, 2015; Al-mamun *et al.*, 2019). Small and medium-sized enterprises (SMEs) receive a lot of attention in entrepreneurship studies (Nabiswa and Mukwa, 2017). This is because, entrepreneurship represents a fundamental part of the society and the economy since entrepreneurs are a major source of economic growth (Muriithi, 2017).

It's particularly interesting that these SMEs contribute the most tangible to economic development and job creation. (United Nations Conference on Trade and Development (UNCTAD), 2012). The importance of Small and Medium Enterprises (SMEs) in economic growth is becoming more recognized (Airaksinen and Luomaranta, 2015). In developed countries like United Kingdom (UK), they have been described as employment creators and the fuel of national economic engines (Caner, 2018). This is demonstrated by the fact that SMEs account for 79.8% of all businesses in the European Union, employing 67 percent of the workforce and generating 57 percent of revenue (European Union (EU), 2008). Small and medium enterprises, in particular, play a significant role in enhancing the economy by advancing creative capacity building, diffusion of technologies, and capital mobilization in China, where entrepreneurial activities in both the formal and informal sectors are monstrously important for economic growth and national advancement (China Country Profile, 2019). This justify the critical role of SMEs in promoting and enhancing economic growth and development. According to Hatega, (2017) over 95 percent of all enterprises in Sub-Saharan Africa are SMEs. Consecutively, developing countries such as Africa are not far behind in recognizing the importance of SMEs to both individuals and the nation. United Nation (UN) report, (2018) highlighted that SME's are fast becoming the dominant form of business venture in developing economies, with high unemployment rates particularly on the African continent, people are turning to informal and formal small business to make a living. The importance of SMEs in stimulating growth has been

recognized, as evidenced by Ghana, where SMEs account for approximately 90% of total business units and 60% of the employment labor force.

In Tanzania, SMEs account for over 95% of all businesses. They account for approximately 35% of the country's Gross Domestic Product (GDP). Despite the fact that SME's found across every sector of the economy, they are most prominent in trade (54%), followed by services (34%). Small and medium enterprises are vital to people's livelihoods as well as the country's overall prosperity and progress. SMEs generate employment with relatively minimal levels of investment per job; they use and add value to local resources; they promote equitable income distribution; and they are better positioned to address local demands in small markets. (Lizzy and Qian, 2020).

Unfortunately, SMEs in various sectors of the economy underperform and fail at a high rate (Fatoki, 2013; Danso *et al.*, 2016). According to Nabiswa and Mukwa, (2017) approximately 50% of small enterprises fail within the first year of operation in the United States of America (USA). In China, many small enterprises have a lifespan of less than three years. Al-mamun *et al.*, (2019) while in South Africa, the failure rate of SMEs ranges between 70% and 80%. (Fatoki, 2014). Similarly Bouazza *et al.*, (2018) state that three out of every five SMEs in Kenya die within the first few months of operation. Surprisingly, information about the Tanzanian SME sector is not exhaustive, consequently the failure rate of SMEs is not well known to what extent (Stevenson and St-Onge, 2005; John, 2016). Nevertheless, the Tanzanian government's extensive support mechanisms to encourage SMEs' performance justify the realization of SMEs' obstacles and failures.

Most of developed countries recognized the vital role of entrepreneurship for economic development and poverty alleviation due to their substantial support to SMEs has always been in place (Mnisi and Rankhumise, 2015). Nonetheless, various support mechanisms are being done by UK government and non-governmental organization introduce various initiatives which have been undertaken to promote SMEs development across the country, such as the government has been supporting by tax simplification, licensing and registration of SMEs, technical assistance,

research, innovation, networking, and improved access to financial services (Argidius Foundation, 2017; UK Essays, 2017)

The Government of Tanzania has come up with different efforts as means of developing business validate the realization of SMEs' barriers and failures. Tanzania's SME Development Policy, (2003) outlines numerous initiatives that have been implemented to support and promote the sector. These include programs such as Small and Medium Enterprise Development Policy (SMEDP), Tanzania Development Vision 2025, Sustainable Industrial Development Policy (SIDP), and National Microfinance Policy which places specific emphasis on saving and credit. The driving force has resulted in the creation of a number of institutions such as Tanzania Engineering and Manufacturing Design Organization (TEMDO) responsible for machine design; Tanzania Industrial Research and Development Organization (TIRDO) which supports local raw materials utilization; and the Institute of Production Innovation (IPI) now known as Technology Transfer Centre which is active in proto-type development and promoting their commercialization; Centre for Agricultural Mechanization and Rural Technology (CAMARTEC) which is involved in the promotion of appropriate technology for rural development; Tanzania Bureau of Standards (TBS) mandated to promote standards Small Industries Development Organizations (SIDO) and Vikundi vya Biashara Ndogo (VIBINDO) and the to collaborate with other stakeholders in empowering SMEs (UNACTAD, 2012).

Previously, the study of entrepreneurship was concentrated on the "how," rather than the "who" becomes an entrepreneur (Caliendo and Kritikos, 2017; Rauch and Frese, 2010). Moreover, extant research outside and inside Tanzania has provided insight into entrepreneurial personalities and entrepreneurial performance on the performance of SMEs such, Street and Cameron, (2017) look on various factors influence performance including individual traits, Monge *et al.*, (2015) conducted a study on the performance of SMEs and information and communication technology. Bouazza *et al.*, (2015) conducted research on marketing skills and its relation to a firm's survival and performance, Samad and Ali, (2019) states that SMEs performance are usually affected by various factors such as SMEs entrepreneurs' characteristics, access to finance as well as SMEs characteristics.

But also, there are a number of psychological variables that has been discussed in various research studies for projecting the entrepreneurial performance and their firm in both large and small enterprises to address this problem (Karlsson, 2013; Chell, 2018; Nimalathasan, 2018; Guth and Ginberd, 2020), but most of the studies concentrate on the influence of entrepreneurial behavior on business performance by looking on either owner manager or operation manager. For example, Dollinger and Chell, (2018) analyze the entrepreneurial behaviors as the locus of control, risk-taking and need for achievement to SMEs performance, Caliendo and Kritikos, (2017) carried out a research on formerly unemployed persons based on different psychological variables to understand its effect on entrepreneurial success, Menda, (2017) focused on entrepreneur skills, analytical ability, planning and business performance, Scarborough and Zimmerer, (2018) focused on small business and ability to make decision and opportunity recognition in relation to performance. Ismail and Karlsson, (2013) similarly focused on firm and its performance by looking on entrepreneurial behaviors i.e. goal commitment, flexibility and prediction about possibilities, Danso *et al.*, (2016) was looking on risk-taking prosperity, network ties and firm performance.

Despite of the initiatives done by government, NGOs and researchers but performance of the SME has not yet been impressive, and one of the interesting questions in the field of entrepreneurship is why some businesses perform well and others do not (Danso *et al.*, 2016; Lim *et al.*, 2008). It is important to improve each country's economic growth by promoting entrepreneurial activities that helps in the development, stabilization and surviving SMEs (Scarborough and Zimmerer, 2018).

Studies have used various approaches to identify factors that influence the performance of SMEs. These studies has shown that SMEs performance is influenced by numerous factors, which can be divided into two groups; psychological and non-psychological factors (Shane 2013; Gholamhossein and Ramezani, 2016). Psychological characteristics school of thought views entrepreneurs as individuals who have unique values, attitudes and needs which drive them. It is based on the assumption that people behave in accordance with their values and behavior resulting from attempts to satisfy needs (Shane and Venkataraman, 2010). The major psychological dimensions associated with

entrepreneurship process are locus of control, need for achievement, self-efficacy, risk-propensity, innovativeness, self-learning and intuition, tolerance for ambiguity, independence and autonomy as well as optimism whereas the non-psychological factors refer to the environment surrounding the entrepreneur, including factors such as education, experiences, cultural background, and opportunity costs (Bygrave and Hofer, 2011; Shane 2013). In this regard, the category of psychological factors includes entrepreneurial behavior of the business owner and operation manager of which this behavior can influence the effectiveness and efficiency of small and medium sized businesses (Fatoki and Garwe, 2010).

Hence, this study is more precisely focus on psychological factors because of the impact of personal behavior as the principle theme of the study of entrepreneurial behavior and performance. The intrinsic nature of psychological theory is the difference in individual characteristics to become a successful entrepreneur. When an entrepreneur feels a need, tension arises in their mind until the need is satisfied (Nabiswa and Mukwa, 2017). Generally, SMEs performance requires a complete reliance on entrepreneurship, as well as the possession of good entrepreneurial behavior and business practices for both future and current entrepreneurs to create SMEs that are both profitable and sustainable (Scarborough and Zimmerer, 2018). Consequently, it is important to critically address unique forms of entrepreneurial behavior that entrepreneurs must have in order to improve the performance of their businesses (Li, 2010).

However, the study is limited to self-learning, self-efficacy and innovative behavior as entrepreneurial behaviors because these are the most identified by many researchers to have high significance and for those who identify they show that they are most significant, hence the researcher decided to combine simultaneously to know to what extent when they are combined influences performance. Therefore, this study is meant to assess the influence of entrepreneurial behavior for both business owners and business operation managers concurrently on performance of Small and Medium Enterprise.

1.2 Statement of the problem

An entrepreneurial behavior is valuable, unique and rare resource of the firms that contribute towards sustainable competitive advantage and superior business performance (Thomas, 2012). The most identified behaviors include need for achievement, self-efficacy, independence, innovation, risk taking, internal locus of control, leadership and self-learning (Churchil, 2018; Janghoon, 2019; Salfiya and Azra, 2019).

Despite the knowledge available, research shows that businesses in the SMEs sector around the world are more likely to fail due to specific characteristics not possessed by the businesses, their owners, and managers (Bannock, 2018; Guth and Ginberd, 2020). According to Tanzania Chamber of Commerce, Industry, and Agriculture (TCCIA, 2019), 95% of the businesses in Tanzania are SMEs, and they present about 35 percent of the country GDP. Mashindano, (2019), contended that there is mismatch between the number of SMEs and its contribution to the country economy, which means that SMEs are not performing well.

Therefore, this study aimed to assess the extent of influence for both business owners and operation managers' entrepreneurial behavior on SMEs performance, since limited scholarly efforts have identified entrepreneurial behavior either for business owners or operation manager but did not take into account the behaviors for both business owner and operation managers concurrently.

1.3 Objectives of the study

1.3.1 General Objective

The overall goal of this research is to assess the influence of entrepreneurial behavior on small and medium enterprise performance.

1.3.2 Specific Objectives

Specifically, the study intends to:

- i. To examine the influence of self-learning on SMEs performance.
- ii. To analyze the influence of self-efficacy on SMEs performance.
- iii. To determine the influence of innovative behavior on SMEs performance.

1.4 Research Questions

1. How a self-learning behavior influence SMEs performance?
2. How a self-efficacy behavior influence SMEs performance?
3. How innovative behavior influence SMEs performance?

1.5 Significance of the study

This study is expected to contribute to entrepreneurship literature in several ways: from a theoretical perspective, the study has a potential to contribute knowledge to the field of entrepreneurship and from a practical perspective, the findings of the study are useful to entrepreneurs in SMEs by highlighting the influence of entrepreneurial behavior on SMEs effectiveness and efficiency leading to better performance and growth.

The findings of this study are greatly significant to the researchers because they provide information for academic purposes and identify research gaps for the existing research problem in the Arusha region and Tanzania as a whole.

The study will provide information from other researchers who intended to research a similar topic elsewhere.

This study will help to inform the society particularly the SMEs owners, managers, and employees on the factors that are affecting performance in SMEs that are leading to low income in their respective enterprises, so that they can formulate the ways of combating those problems, which in turn will improve the performance accrued from their enterprises.

The study will enable policymakers to plan long-term activities to achieve the sustainable development goal (SDG) 1 of poverty alleviation, through entrepreneurial behavior.

The study will give an understanding of small and medium enterprise success through the lens of entrepreneurial behaviors to various individuals and organizations in order to create and maintain its sustainability. This may contribute to improvement in different operations activities.

This study will offer assistance to inform society, entrepreneurs, and organizations on how entrepreneurial behaviors influence business performance so that they can formulate ways to improve performance.

CHAPTER TWO

2.0 LITERATURE REVIEW

Introduction

This chapter reviews the literature on the subject of SMEs that is relevant to the study. The definition of key terms, theoretical reviews, and empirical studies are among the topics discussed in this chapter. It also discusses the debate on the views and findings from numerous studies, published materials such as papers, journals, and websites, as well as unpublished materials and all other possible sources that formed the basis for this research.

2.1 Definitions of Key Concepts

Some key terms used in this study are defined under this section to inform readers about their meanings in relation to the content of the study in question. These are described as follows:

2.1.1 Entrepreneur

All around the world, there is a wealth of published literature, news in the media, and speeches about entrepreneurs and entrepreneurship. That is why there are so many ways of explaining a person perceived to be an entrepreneur. For instance, a French economist Richard, (2017) defined an entrepreneur as one who takes risks by purchasing at a given price and selling at an uncertain price, and then bears the risk of market price fluctuations, with the difference resulting in a profit or loss. According to Richard, the role of the entrepreneur is to generate income by operating in uncertain environments (Kipilyango, 2012).

Entrepreneurs are those who do things, take actions - they engage in robust, tireless efforts to convert their ideas and visions into productive, operating enterprises and contribute to the creative process by bringing to light what might otherwise go ignored (Baron, 2017). The entrepreneur is regarded as a tool for altering and improving the economy (Ahmad *et al.*, 2010). Entrepreneurs are not a homogeneous group according to studies, and there are various types of entrepreneurs (Westhead *et.al.*, 2011). New business formation would never happen without the energy, motivation and dedication of entrepreneurs (Zimmerer and Scarborough, 2016).

Entrepreneurs according to this point of view, can be defined by their activities, behaviors, their role in the economy and their ownership of a business. Since the primary focus of this research is on the individual entrepreneur who is the owner and manager of the business, hence the study uses a definition from Carland and Carland, (2007) which says that an entrepreneur is any person who is able to take calculated risks to invest in a business, able to be creative, innovative and dynamic to change according to the business environments so as he can create wealth, efficient as well as effective production of goods and service providers to the society.

2.1.2 Entrepreneurship

There is no single definition of entrepreneurship that is universally acknowledged. Entrepreneurship can be described in various ways, depending on environment, school of thought, different disciplines such as economic, sociology and the likes. These definitions have been given by several scholars (Fritsch and Schroeter, 2009 and 2011; Shane, 2012). Entrepreneurship is about formation of another association or new startup, making esteems, and business visionary methods by the entrepreneur who is owner-manager. In the fields of business, management, economics, and other related fields, the term "entrepreneurship" is one of the most commonly used terms. John Stuart Mill, a popular economist, in 1848, defined entrepreneurship as the establishment of a private enterprise. This included decision-makers and individuals who seek wealth by managing limited resources to start new businesses.

Entrepreneurship is one of human society's oldest established processes, and it has been a driving force in the world from the dawn of history, when the first humans began to build labor specialization. The relevance and role of entrepreneurship grows as the years pass (Carland and Carland, 2007). Given that the focus of this study is on the performance of SMEs, which can also be described by the extent of entrepreneurial behaviors it defines entrepreneurship to be an activity to discover, evaluate, exploit opportunities and offering something new to the market as commented by Piergiovanni and Santarelli, (2016).

2.1.3 Entrepreneurial behavior

Entrepreneurial behavior is extremely important in business. A certain personality traits predispose an individual to entrepreneurial behavior, someone with an

entrepreneurial mindset will make use of various entrepreneurial actions with enthusiasm (Septiana *et al.*, 2017). Entrepreneurial behavior is defined as the means of doing things in a particular way of people who can recognize and evaluate market opportunities, collect the resources required to capitalize on them, and take the necessary steps to ensure success (Westhead *et al.*, 2011).

According to Andargachesw and Manjit, (2019) entrepreneurial behavior is a set of corporate activities in terms of innovation, the exploration for new ventures, assess opportunities, strategic re-establishment, task-oriented, results-oriented, strength to take risks, authority, future arranged, the creativity of imagination and advancement hence take needed actions to ensure success. They concluded that entrepreneurial behavior is the product of a combination of factors that inspiration to attain a goal and the competencies necessary to achieve it. According to Baron, (2007) since entrepreneurs are aware of or develop new products or services, they develop them into a new venture through action and thus entrepreneurial behavior is the link between identifying the opportunity and venture creation.

Entrepreneurial behaviors were once thought to be discrete units of individual activity, this activity can be observed by an audience and have meaning for that audience, according to this definition, entrepreneurial behavior is carried out by the people who collectively form these teams or organizations, not by organizations or teams (Bird and Schjoedt, 2009). While entrepreneurial behaviors are carried out by individuals, they are not distinct and separate; they are complicated and not clearly defined, which means they can occur independently, sequentially or repetitively.

In this study, it is defined as opportunistic, value-driven, value-adding, risk-accepting, creative activity in which ideas manifest as firm birth, growth, or transformation (Subramaniam and Youndt, 2015). Also the study is limited on self-learning, self-efficacy and innovative behavior as entrepreneurial behaviors. These behaviors have been considered in this study because they are the most frequently reported behaviors in the study of entrepreneurship success and the relationship between them and entrepreneurship has been evident in literatures (Koh, 2016; Lachman *et al.*, 2017).

2.1.3.1 Self-learning

Self-learning refers as the process whereby individuals choose and decide on their own learning goals and attempt to use techniques that support their activities, resulting in an increase in knowledge, capacities, and development (Mitchelmore and Rowley, 2010). Self-learning is a means of gathering information, processing it and retaining it without the assistance of another person. It is the entrepreneur's obligation to learn and retain knowledge without the assistance of another human resource. It's a new form of learning that enables entrepreneurs to teach themselves skills and knowledge that will be useful in their day-to-day operations (Sinha *et al.*, 2019).

In this study self-learning is considered as an improvement in an individual's awareness, skills, or growth as a result of their own experiences and observation of others' actions. As emphasized by Malcom Knowles, (2017) that self-learning is a process in which individuals, with or without the assistance of others, take the initiative in identifying their learning needs, developing learning goals, discovering human and material resources for learning, and evaluating learning outcomes.

2.1.3.2 Entrepreneurial self-efficacy (ESE)

Self-efficacy is an important predictor of performance because people who have a high level of self-efficacy are more tolerant of businesses stressors (Cherian and Jacob, 2013; Keskin, 2020). Social Cognitive Theory explains self-efficacy as an individual's ability to plan and carry out desired behavior regardless of the environment (Bandura, 1997; Hamid *et al.*, 2020). As a result, the impact of self-efficacy on business performance is demonstrated by this fundamental assumption of the Social Cognitive Theory.

Bandura (1986) described entrepreneurial self-efficacy as people's judgments of their abilities to coordinate and execute courses of action needed to achieve defined types of performances. It is concerned with assessments on what one can do with whatever skills one possesses. Furthermore, self-efficacy leads to self-confidence in one's ability to complete specific tasks (Achyar *et al.*, 2020).

Chen *et al.*, (1998) concluded that self-efficacy is very suitable and ideal for studying entrepreneurship for four main reasons: First, it addresses the lack of specificity in previous research on the personality of entrepreneurs because self-efficacy is a task-specific construct, implying that it changes with changing tasks rather than being a global disposition. Second, self-efficacy is more general than task self-efficacy, implying that entrepreneurs can modify or improve their level of self-efficacy as they interact with the environment. Third, because of its closeness to action and action intentionality, self-efficacy can be used to study the entrepreneur's behavior choice and effectiveness and fourth entrepreneurial behavior is best demonstrated in challenging situations, which is also the ideal condition for observing the relationship between self-efficacy and behavior. Hence, due to the four main reasons as explained above by Chen *et al.*, (1998) this study is referring entrepreneurial self-efficacy to the degree to which entrepreneurs are competent and confident to achieve various tasks and activities as entrepreneurs.

2.1.3.3 Innovative behavior

Entrepreneurial business innovative behavior is viewed as a driving force that propels the entrepreneur to establish a new business that is completely distinct from those in the environment. A lack of business innovative behavior will result in the creation of no new ventures or growth of the existing firms (Kijkasiwat, 2020). Suryani *et al.*, (2019) explained that innovative behavior improves the performance of entrepreneurs in the business place. Also several researchers have also agreed that innovative behavior has influenced firm effectiveness and survival, both of which are critical factors for improved performance (Oldham and Cummings, 2016; Pradhan and Jena, 2019).

According to Subramaniam and Youndt, (2015) innovation is a knowledge management process that includes identifying a problem, developing solutions and gaining support for the solutions. Carmeli *et al.*, (2016) pin point innovative behavior as a multi-staged process that includes identifying a problem, developing new ideas and solutions to the problem and gaining organizational support for the new ideas and solutions. The process of innovative behavior begins with recognizing problems, generating ideas, and then actively promoting these ideas to develop and create new business ventures that are not duplicates of existing business ventures. Entrepreneurs'

business innovative behavior allows them to identify new business opportunities and develop those ideas into viable business ventures.

Therefore, for the case of this study the researcher borrowed a definition from Janssen, (2000) which defined innovative behavior as the deliberate creation, introduction, and application of new ideas within a business role, group or organization to benefit role performance, because entrepreneur's business innovative behavior viewed as a drive that motivates the entrepreneur to produce products/create things that are completely different from those in the business environment.

2.1.4 Small and Medium Enterprise (SMEs)

Depending on the level of the economy, there are various global definitions of SMEs. Although there is no universal definition of SMEs, practically all East African Community countries (Kenya, Tanzania, Uganda, Burundi, and Rwanda) use the same basic capital investment, turnover and number of employees. Small and Medium Enterprises are defined by a number of criteria, including the amount of capital invested in machinery, the number of employees directly involved and sales turnover (URT, 2009). However, quantitative measures particularly the number of employees, have been widely acknowledged and accepted indicators in determining the size of the enterprise and thereby identifying small and medium business (Coulter, 2005; Kushnir *et al.*, 2010; Jamil and Mohamed, 2011).

In Tanzania according to SMEs Development Policy, (2002) the SMEs term is used to mean micro, small and medium enterprises, which covers diverse sectorial activities such as mining, agriculture, and manufacturing. Since SMEs in one industry can have different levels of capitalization, revenue and employment compared to SMEs in other industries, there is no universally recognized concept of a small or medium enterprise (Gorondutse & Hilman, 2019).

Also, the common base used in Tanzania is to define business enterprise is any undertaking or activities which is conducted for making a profit; the business venture is highly defined based on the number of employees, overall investments, and revenue turnover are also factors to consider. In Tanzania context, micro-enterprises are those that hire up to four people and have capital up to TZS 5 million. Most of

micro-enterprises are informal. Many smaller firms are formal; they employ 5 to 49 people and have capital ranging from TZS 5 million to TZS 200 million. Medium-sized firms hire 50 to 99 people and invest between TZS 200 million and TZS 800 million in capital. Large enterprises, on the other hand, employ 100 or more people and invest capital in excess of TZS 800 million (United Republic of Tanzania (URT), 2003).

As a result, the most accepted criterion i.e. the number of employees, is utilized in this study to define and classify small and medium-sized businesses. This is because it is considerably easier to collect the right number of employees from a particular firm than the capital expenditure in machines based on financial data that in many circumstances, lacks authenticity. Table 2.1 illustrates the Tanzanian SMEs classification, which is also employed in this study. Therefore, in this study the definition is limited to Small and Medium Enterprises (SMEs) as per SMEs Policy of Tanzania (2002) that is, enterprises with a number of employees from 5-99.

Table 2. 1: Categories of SMEs in Tanzania

Categories	Number of employees	Capital Investment (Tsh)
Micro Enterprises	1-4	Up to 5 million
Small Enterprises	5-49	Above 5 million to 200 million
Medium Enterprises	50-99	Above 200 million to 800 million
Large Enterprises	100+	Above 800 million

Source: SMEs Policy of Tanzania, (2002)

2.1.5 Performance

Performance is a broad and multidimensional concept that is used in several disciplines. Several researchers such as Chatterji, (2009); Amstrong and Baron, (2009); Fried and Tauer, (2015) have agreed that performance is a term that has more than one dimension to be used and, as a result, lacks a universally accepted definition with more than one face to be measured as it tends to be different due to the phenomenal work that must be done and the variety. As a result, the process of measuring performance is challenging owing to the fact that there is no full agreement measure of entrepreneur performance, for example, the measure of performance of a large firm is not always compatible with that of a SME.

The term 'performance' refers to the overall activities and operations carried out by entrepreneurs in order to improve their business. (Kotane and Merlino, 2017). The Romanian Explanatory Dictionary defined performance as an individual's output in a sporting competition; exceptional success in an activity field; the best effect obtained by a technical or mechanical system, device, or machine (Elena-Iuliana and Maria, 2016). This definition demonstrates that the term performance was first obtained from the fields of mechanics and sports, and then used to describe the best results achieved in a variety of fields (such as a business). This means that performance is determined by a specific set of components, those that produce the best results. According to Bartoli and Blatrix, (2015) performance must be defined through components such as quality, evaluation, effectiveness and piloting.

Literature indicates that there continues to be a lack of consensus on what is to be the best measure of performance. Lebars and Euske, (2016) defined performance as information that shows indicators of success/achievement on financial and non-financial objectives. Non-financial measures are regarded subjective measures of performance, whereas financial measures are considered objective indicators of performance (Kotane and Merlino, 2017).

Hence, in this study financial indicator is used as the measurement of performance as supported by Mokhtar and Wan-Ismail, (2012) that, traditional financial measurements of performance are the easiest and most logical approach to evaluate business performance. Similarly Ahmad, (2007) contended that it is significant to employ quantitative financial indicators to measure performance of the enterprise.

2.1.5.1 Business performance in SMEs

According to Chittithaworn *et al.*, (2011) business performance refers to a firm commercial growth, which can have a variety of outcomes. It is however, a complex and multidimensional phenomenon. The ability to produce appropriate results and actions is referred to as performance. In order to assess business performance, indicators such as the number of employees, profitability, return on investment, asset level, gross sales turnover, return on asset, size of the business, use of business income, sales revenues, entrepreneurs' targets and goals, firm age, research and development, as well as capital increase are used (Zahra, 2011).

Furthermore, business performance is operations and maintenance ability to fulfill the wishes of the major owners of the company in terms of sales, growth, profitability, survival and satisfaction. Performance assessment uses multidimensional performance indicator such as financial measures that analyze what has been accomplished and anticipate the future (Alhyari *et al.*, 2013). For the purpose of this study profit and return on asset (ROA) are used as the measurement of SMEs performance because profit is the most appropriate efficiency concept for measuring overall performance since it accounts for the impact of a firm's activities in terms of both expenses and revenues, as well as their interaction, better representing the goal of profit maximization. (Kotane and Merlino, 2017). According to Tauer (2015), ROA informs investors about how effectively a business is at transforming the money it invests into net income. The higher the ROA number, the better because the enterprise earns more money with less investment.

2.2 Theoretical review

Theory lays out a strategy on dealing with research problems. Entrepreneurship theory related to this research which examined in accordance with the theoretical literature review to see if this theory is related to the topic under study by looking at what other academicians, SMEs practitioners, different authors, and stakeholders have said about SMEs performance. This study is guided by the psychological entrepreneurship theory.

2.2.1 Psychological entrepreneurship theory

This research is grounded in McClelland's (1965) psychological theory. The McClelland psychological theory is founded on the need for achievement, which motivates individuals to invest in behaviors that help them excel in everything they do. He believed that entrepreneurial behavior is crucial to the performance of all activities. People that have high need for achievement behave in an entrepreneurial way. Need for achievement encourages the behavior of a person to be an entrepreneur. The entrepreneur, being an individual with a strong need for achievement, is motivated primarily not only by financial gain but also by the ability to achieve satisfaction. In general entrepreneur with high need to achieve commonly have a relatively high performance rate. According to McClelland, the need for achievement will be linked to high performance in an entrepreneurial capability.

Individuals with a high level of achievement motivation are more likely than those with a low level of achievement motivation to engage in the instrumental tasks required for entrepreneurial performance (McClelland, 1965). For example, highly motivated entrepreneurs with high achievement motivation can overcome obstacles, take risks, harness resources, innovate, create, compete, and learn more to improve their skills.

Simpeh, 2011 continues on explaining this theory by saying that to a great extent, entrepreneurship is an outcome of motivation. Motivation is the inner drive that fuels and supports self-efficacy as a behavior in response to demands that require high performance. Behavior is always induced and it is not spontaneous. In other words, human behavior is goal-oriented or performance-oriented

Entrepreneurial behavior is referred to as stable qualities that people display in most situations. This concept demonstrates that a person has inborn attributes, personal potentials and behaviors that naturally qualify him to be an entrepreneur. Some of the behaviors associated with entrepreneurs are more opportunity-driven, management skills that are essential for the business's operation, creativity and innovation, and persistence, as well as corporate expertise, hard work, and perseverance. According to this theory, an entrepreneur's success is based on his or her own behaviors, which are shaped by the internal environment (Baron, 2017). The theory is relevant to this study because the study wants to assess how the entrepreneurial behavior for both business owners and operation managers influences SMEs performance. Entrepreneurial behavior is independent variable and in order for the firm to achieve performance, managers' and owners' are supposed to possess good behaviors, therefore entrepreneurial behavior can result to high performance which is dependent variable.

2.3 Empirical Review

This part reviews various studies from the global context done by different researchers to address the influence of entrepreneurial behavior on performance of small and medium enterprise. The significance of the small and medium business sector to the economy is a compelling reason for researchers to explore the key performance factors that drive this industry's success (Raguž *et al.*, 2015).

2.3.1 The influence of self-learning on SMEs performance

The study conducted by Gibbons, (2012) identified that business owners are always trying to stay competitive, therefore they engage in some kind of continuous learning process, as they learn from others. Those who are not willing to learn it could be said that they are more likely to compromise business success. There are various benefits for owners who are eager to learn. They will be aware of the risks associated with the business and are capable of gaining marketing skills, which are another important set of skills for a business survival.

According to Street and Cameron, (2017) various factors influence performance/business success including individual and organizational traits. According to Zoysa and Herath, (2017) there is a link between self-learning, behavioral of owner/manager and performance at various stages of business growth, while Nimalathan, (2018) concluded that there is a positive link between owner/manager self-learning and business performance. However Boytazis, (2017) found that self-learning comprised of one's motives, attributes, aspects of a person's self-image or social skills and knowledge. As a result, the role of entrepreneurial behavior qualities will be determined by competence and competence will act as a mediator between entrepreneurial behavior and other attributes.

The results of the study by Shenura *et al.*, (2016) showed that entrepreneurial behavior requires specific strategic skills to function profitably and those strategic skills can be obtained through self-learning. It means that knowledge, skills and abilities to manage time as well as individual development traits are required by entrepreneurs in order to perform well.

2.3.2 The influence of self-efficacy on SMEs performance

Prabhu *et al.*, (2012) examined self-efficacy and proactive personality as origins to entrepreneurial orientation. This study was specifically interested in testing the mechanisms, whether mediation or moderation by which self-efficacy affected the relationship between proactive personality and entrepreneurial intent. The findings indicated that self-efficacy mediated the relationship between proactive personality and entrepreneurial intent. The importance of self-efficacy in performance and entrepreneurial behavior is highlighted further when it was discovered to have a

positive moderating impact on the relationship between improvisational behavior and new venture performance (growth in sales). On the other hand, improvisational behavior was discovered to have a negative relationship with new venture performance for founders who had low entrepreneurial skills (Hmieleski and Corbett, 2018).

Studies conducted by Guth and Ginberd, (2020) shows that entrepreneurs must be dedicated to their work and care about it. Once they have a passion for what they do, they stand a good chance of succeeding in their business. Business operations are characterized by turbulence and as a result, entrepreneurs should be confident in their ability to succeed, regardless of the challenges that they may encounter. It is critical for SME owners to develop self-efficacy in running their businesses. They must be aware of the risks involved with their businesses. According to Wang *et al.*, (2003) in order for entrepreneurs to understand these risks, they may need to conduct preliminary study on the environment in which the business would operate. This investigation could be included in a feasibility study.

Torres and Watson, (2013) intended to validate Chen's *et al.*, (1998) construct, which was presented to predict an individual's likelihood of becoming an entrepreneur based on five factors which are marketing, innovation, management, risk-taking and financial control. The study's findings show that one of the self-efficacy elements referred to as expansion, has a positive influence on performance but a negative impact on entrepreneurial intentions hence, even when self-efficacy does not favorably affect intentions, it still has a positive impact on performance. Furthermore, it was discovered that those with higher levels of self-efficacy are more likely to make decisions that result in higher levels of performance (Torres and Watson, 2013).

2.3.3 The influence of innovative behavior on SMEs performance

The previous result illustrates that business innovative behavior of the owner/manager determines the performance of a small business (Zoysa and Herath, 2017; Lee and Tsang, 2011; Street and Cameron, 2017; Nimalathan, 2018; Solichin, 2005). All of them stated that the owner/manager is a critical aspect in the success of the business. When owner/managers of SMEs are more entrepreneurially

thought in the introductory and decline stages of growth, their performance tends to be higher, and the same is true for the growth and maturity stages when they are more administratively thinking. According to Zoysa and Herath, (2017). This shows that in order to attain better results in the introductory and declining periods, owner managers should become more entrepreneurial in their strategies and activities. To get better results in the development and maturity stages, they need to be more creative and innovative as determinants of performance in SMEs as well as to be more administratively focused.

Frederick, (2013) also found that there is a positive effect of entrepreneurial innovative behavior on the performance of small business, although there can also be support from formal sectors such as banks, microfinance institutions, executives of large enterprises etc. In promoting business performance if the small business owner possesses innovative behavior, there must be a significant impact compared to those who have not. These imply that personal behavior possessed by small business owners contributes to a great extent to the development of business.

According to studies from the literature of SMEs, firms require innovation effort in order to succeed and survive in their business. According to Griffin and Ebert, (2019) SMEs with an innovative nature perform significantly better in business than those that do not. Thus, emphasis is placed on ensuring that SMEs innovation initiatives improve different aspects of SMEs business strategies required for firm growth. Meanwhile, innovation activities should aim to improve a firm's production capabilities so that it may considerably improve its service or products in terms of their characteristics.

2.4 Research Gap

It is notable that most of the former studies evaluation identifies the essence of entrepreneurial behavior in achieving business performance (Raguž *et al.*, 2015; (Chittithaworn *et al.*, 2011; Zahra, 2011; Kotane and Merlino, 2017; Mokhtar and Wan-Ismail, 2012).

Nevertheless, other researchers concentrated on entrepreneurial behavior and business performance by looking on owner manager or operation manager (Karlsson,

2013; Chell, 2018; Nimalathan, 2018; Guth and Ginberd, 2020; Cameron, 2017; Zoysa and Herath, 2017). Also most of the former studies centered their attention on the effects of entrepreneurial behavior on SMEs performance by looking on direct relationship between the two (Dollinger 2015; Menda 2017; Scarborough and Zimmerer, 2018, Danso *et al.*, 2016).

Existing studies explain entrepreneurial behavior towards SMEs performance either on owner manager side or business manager but this study attempts to assess the influence of entrepreneurial behavior for both business owners and business operation managers concurrently on performance of small and medium enterprise.

2.5 Conceptual Framework

The conceptual framework illustrates variables. The conceptual framework is used in research studies to delineate the various options in presenting the ideal approach (Svinicki, 2008). Is a set of assumptions developed in order to guide a researcher in dealing with the problem at hand. It gives a pictorial understanding of the research problem. Due to the reviewed theory which explains personal behavior as a factor which has impact on performance, this study's framework assumes that SMEs performance (profit and ROA) is influenced by entrepreneurial behavior such as self-learning, self-efficacy and innovative behavior.

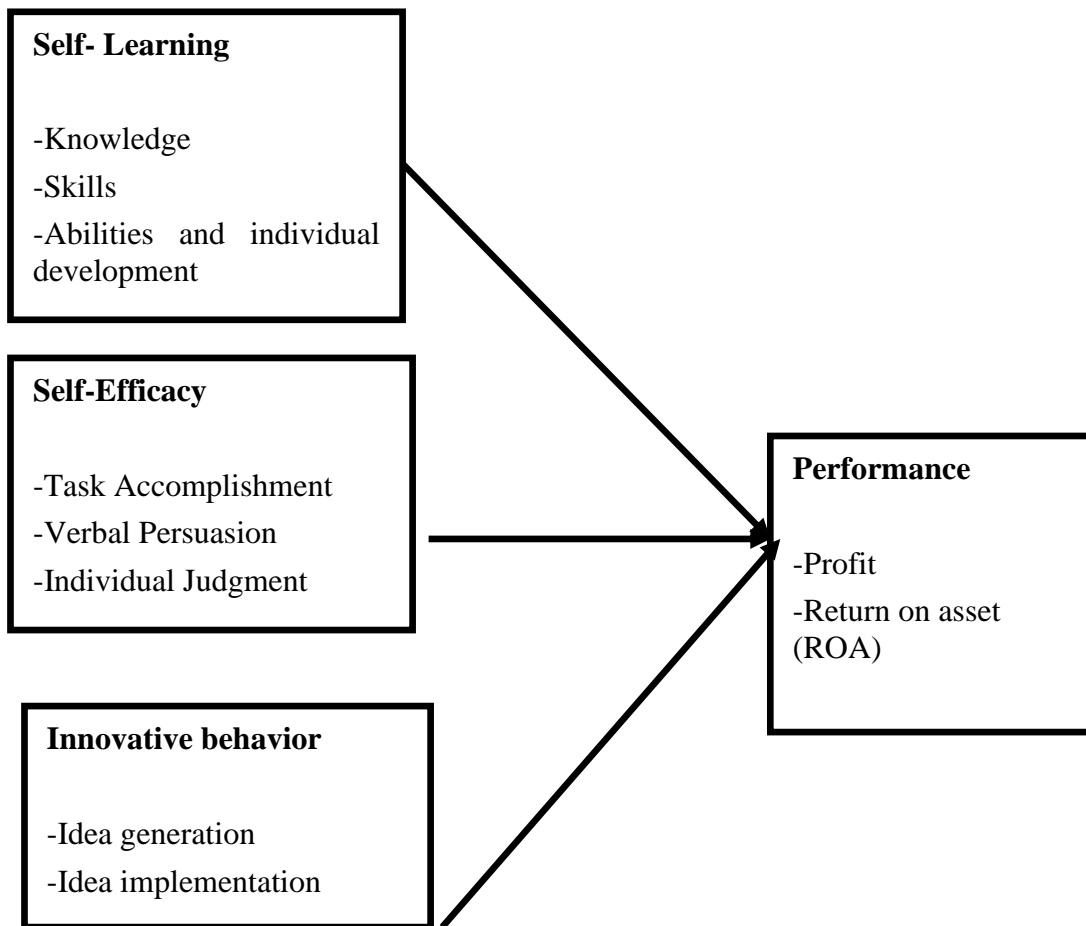


Figure 2. 1: Conceptual Framework

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

General Overview

This chapter outlines the procedures which was used to collect data, data analysis and produce the results. It covers research design, study area, the unit of analysis, sample size, sampling technique, data collection methods, variable calculation, data processing, analysis as well as the data's reliability and validity.

3.1 Research Design

A research design is a detailed guide or plan for investigating a particular research subject (Joyner *et al.*, 2018). The overall scheme of arrangement on which the analysis is designed is known as research design. It functions as an organization's organizational structure by coordinating data collection conditions for the analysis.

According to Kothari, (2006) research design is a set of conditions for collecting and analyzing data with the goal of combining research goals with procedural economy. Cross-sectional research design is used to make data collection easier and more manageable at a single point in time (Creswell, 2009). A cross sectional research design was adopted in this study to facilitate and handle data collection in a single point in time. The reason for choosing this type of study design is because it takes short time to collect data and does not cost much, which is beneficial to a researcher due to the financial and time limitations of conducting research. Furthermore, this design always allows data collection from the target population without repetition (Leed & Ormrod, 2005).

3.2 Research Approach

The term research approach refers to the study plans and procedures that follow the steps from broad assumptions to detailed data collection methods. The research assumptions can be qualitative, quantitative, and mixed approach (both qualitative and quantitative). The qualitative research approach is concerned with evaluating subjective attitudes, behaviors, emotions, opinions, and experiences (Kothari, 1990). Quantitative research is concerned with numerical values, while qualitative research is concerned with in-depth knowledge and interpretation of the phenomenon.

In this study quantitative approach was used. A researcher used quantitative approach because it uses randomized samples, also it is anonymous in nature which makes it useful for data collection because people are more likely to share honest opinions and responses and it allows to reach higher sample size as it easy to collect information quickly.

3.3 The Study Area

The study area is the interdisciplinary fields of research in regard to a specific geographical, national, or cultural region. According to Babbie, (2004) the study area indicates the place of the research study and the location of the researcher for data collection. This research was carried out in Arusha region, specifically in Arusha district, where the sample was drawn.

The study was conducted in Arusha district in Arusha region, which is situated in Northern part of The United Republic of Tanzania with an area of 208 square Kilometers and a population of 416,442 based on the data from census conducted in 2012 (National Bureau of Statistics, 2013). This location was chosen based on the Arusha Strategic Planning report of 2019, more than 72% of its residents are practicing agriculture, but production declined from 35089 tons to 29456 tons in 2018/2019, and Arusha district is leading on poor production compared to other districts. The reason for the decline included the supply of inputs to small farmers.

3.4 Population of the study

Cooper and Schindle, (2008) define a study population as a complete set of cases, individuals, or objects that have certain common observable features of a particular nature that distinguishes them from other populations. It also refers to a collection of items the researcher is interested to investigate. However, due to financial and time constraints, the researcher cannot afford to explore every aspect of the population (Mugenda & Mugenda, 2008). The population of study is important because every element in the population has an equal probability of being used as a representative. The study population for this study targeted all SMEs (agro-dealers) in Arusha region. The total number of SME's was obtained from Tanzania Seed Sector 2018 report.

3.4.1 Unit of analysis

The source of the information is determined by the unit of analysis. According to Maxwell, (2006) the unit of analysis is the main entity being studied in a study; it is the 'what' or 'who' being studied. Based on the population of the study, unit of analysis are SME's (agro-dealers) while the unit of inquiry are business owners and operation managers.

3.5 Sampling

Malhotra, (2010) defines sampling as the process of selecting/examining a subset of a study group to reflect the complete study population. The sampling techniques and sample size of the study are presented in this section.

3.5.1 Sampling Technique

The process of selecting a subset of subjects that is representative of the entire population is known as sampling (Kothari, 2004). There are two types of sampling techniques: probability sampling and non-probability sampling.

3.5.1.1 Probability Sampling

According to Kothari, (2008) Probability sampling means that every unit in the population has a chance of being sampled of being selected, sample is classified as random sampling, systematic sampling, stratified sampling, cluster sampling, and multistage sampling.

For this study, simple random sampling techniques was employed. A researcher employed simple random technique by using the application called "Randomly Number Generator" to select 102 SMEs. The main reason simple random sampling was used is that, every SME's had an equal chance of being selected and also findings can be applied to the entire population base.

3.5.1.2 Non-probability Sampling

This refers to the selection of the sample based on the subjective judgment of the researcher rather than random selection of the respondents (Mohsin, 2016). During this study, the researcher applied purposive sampling. Purposive sampling is non-probability sampling where by researcher choose the sample based on certain purpose (Kothari, 2009). This method was used during the selection of SMEs (agro-

dealers) which qualify the study criterion (SMEs which operate more than three years, firm with 5 to 99 employees and also firm with both business owner and manager) in Arusha district. Total number of SMEs (agro-dealers) was 678, after selection only 354 SMEs met the criterion.

3.5.2 Sample Size

It is still impossible and impractical to have every single person in the population (Krishnaswami, 2003). The number of objects chosen from the universe to make up a sample is referred to as sample size. The sample size should never be too large or excessively small (Kothari, 1990). When determining sample size for a study the researcher relied on the size of the population, the time of the study and the nature of the study itself as indicated by Singh, (2006) that there is no specific rule to follow when determining the sample size for the study. As a result, examining a sample of the population becomes important.

The study's sample size was determined by using the principle of central limit, which states that any sample size greater than thirty (30) is a good representative of the population at a 5% stage. Therefore, the sample size was calculated using the Yamane formula. The reason of using this formula is that it provide a simplified formula to calculate sample sizes and also, it calculate the sample sizes with 95% confidence level (Joyner *et al.*, 2018). Yamane, (1964) presents a streamlined formula for calculating sample sizes. He developed a statistical technique for determining an exact sample size. $n = \frac{N}{1 + N(e)^2}$ Where n is the number of people included in the sample. N = study population; e = margin of error in this study, e = 5% (chosen by the researcher) with a degree of confidence of 95%.1 indicate value which suggests that something is constant.

$$n = \frac{N}{(1 + Ne^2)}$$

$$n = \frac{354}{(1 + 354 \times 0.05^2)} = 102$$

Where

n= corrected sample size,

N = population size=354

e= Margin of error (MoE), e = 0.05 based on the research condition

Hence, the researcher employed a sample size of 102 SMEs (agro-dealers) in Arusha district, where as in each enterprise two respondents (business owner and operation manager) participated and make a total of 204 respondents. According to Msabila and Nalaila, (2013) selecting the study sample size helps the researchers in avoiding various constraints such as time and budget as well as ensuring the validity of study findings.

3.6 Data Collection Method

The task of collecting data starts after a research plan has been well defined and research designed or plan checked out (Kothari, 2004). According to Kothari, (2008) data collection is the method of gathering information from respondents on the targeted variables in a systematic approach that enhances one's ability to come up with reasonable responses to the relevant questions. The study applied survey as a method to gather primary data. A survey was used in order to describe the characteristics of a large population. No other research approach can provide this breadth of capability, which provides a more accurate sample to obtain focused information from which to draw conclusions and make crucial decisions (Creswell, 2014).

3.6.1 Primary Source

The primary information was collected by distributing questionnaires to the sample selected. Questionnaire, according to Gillham, (2008) is a research tool that consists of a sequence of questions and other prompts to collect information from respondents. The researcher administered 204 questionnaires to every business owners and operation managers of selected SMEs (agro-dealers) from the population. The main cause for using a questionnaire in the study was to enable the researcher to collect more information from a larger number of respondents.

3.6.2 Data collection tool

Bell and Bryman, (2007) defined the data collection method as the procedures, techniques, and tools employed to collect data from sampled participants. Data collection instruments, as the name implies, are devices used to gather data, such as questionnaires, interviews, and the like. The researcher employed questionnaires as the primary data collection instrument in this study.

3.6.2.1 Questionnaire

A questionnaire, according to Kothari, (2006) is a set of questions that are usually sent to selected respondents to answer at their own convenient time and return the completed questionnaire to the researcher. According to Cresswell, (2014) self-administered questionnaires are types of questionnaires in which the researcher administers to the respondents directly and the respondents fill out the administered questionnaires without assistance from the researcher or field worker.

Self-administered questionnaires with open and closed ended questions were used to collect information from 204 respondents for this study, as stated in Appendix 1. The study used questionnaires because they are less subjective and minimize biases when compared to interviews, they cover a large sample of respondents in the quickest way possible at the lowest possible cost, and they give respondents the freedom and privacy to answer the questions (Kothari, 2014). Furthermore, by using questionnaires, the study can cover a wide area, which increases the validity of the study's findings.

3.7 Operationalization of variable

S/N	Objective	Key Variables	Unit of measurement	Sources
Independent Variables				
1	Influence of self-learning	Knowledge	Theoretical in nature, information acquired from intuition, rational induction, belief, reading. (5 point - Likert Scale)	(Omrod, 2006; Cope, 2005).
		Skills	Ability to utilize experience as a learning. (5 point - Likert Scale)	(Gibbons, 2012).
		Individual abilities & Development	Combination of knowledge, skills, attitudes and other personal trait which help a person to grow personally and professionally. (5 point - Likert Scale)	(Mitchelmore and Rowley, 2010).
2	Influence of self-efficacy	Task Accomplishment	How confident a person is in his or her ability to complete a specific task. (5 point - Likert Scale)	(Wennberg, 2013).
		Verbal Persuasion	Ability of a person to convince another person. (5 point - Likert Scale)	(Yan, 2010; Maddux, 1995)
		Individual Judgment	Self-assessment of one's own capabilities to perform in accordance with the standards of a set goal. (5 point - Likert Scale)	(Bandura, 1986; Liu <i>et al.</i> , 2017).
3	Influence of innovative behavior	Idea generation	Act of forming ideas. (5 point - Likert Scale)	(Subramaniam and Youndt, 2015)
		Idea implementation	In order for something to happen, action must follow any preliminary thinking. (5 point - Likert Scale)	(Carmeli <i>et al.</i> , 2016)
Dependent Variables				
4	Performance	Profit (sales-expenses)	Continually achieving preferred results. (Contionous)	(Kotane and Merlino, 2017).
		Return on asset (ROA) <u>Net Income</u> Total Asset	Is the indication of capital intensity of the firm.	(Susan <i>et al.</i> , 2008)

5 Point Likert Scale Used: 1. Strong Disagree 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Strongly Agree

3.8 Data processing and analysis

According to Yates *et al.*, (2008) data analysis can be done by engaging various statistical procedures and tests on the data so that the raw data can be changed into something that is easily understood and interpreted. Data analysis is a broad term that refers to the process of inspecting, cleansing, transforming and modeling data. Cooper and Schinder, (2001) define data analysis as the reduction and accumulation of data to manageable size, the advancement of summaries, the search for patterns, and the application of statistical techniques. The process of data analysis allows the researcher to establish consistent patterns in the collected data.

Prior to analysis the data was collected, processed and verified. Data was edited to detect errors and omissions before being classified and coded into numbers for analysis, and then entered into the computer using the Statistical Package for Social Science (SPSS) software version 21. The SPSS software is appropriate because it can handle categorical variables and perform all of the statistical tests and classification analysis required in this report, ensuring that it is consistent with the data and problem at hand. Statistical Package for Social Science (SPSS) was used in data analysis because of quantitative data, where the analysis began by coding i.e. giving numerical or other symbols to the responses as the pre-step in analysis and then the data was transformed into another format that the programmer could understand. As a result, questionnaire data was converted into numbers, one for each value. This is the process of creating a code book before entering data. That after coding, data was directly entered into a prepared code book for analysis and commanded to analysis, descriptive statistic, inferential statistic and frequency to obtain outputs for the closed ended nature of questionnaire questions. Tables, frequency, and percentages were used to present additional data.

3.8.1 Model specification

The aim of this study is to assess the influence of entrepreneurial behavior on SME performance in Arusha district. Separate analysis was done between business owners and operation managers. The following regression model, based on the assumptions of linearity, normality, multicollinearity, and error term independence, was used to investigate how entrepreneurial behavior influences the performance of SMEs;

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Description:

Y = Business Performance

a = Constant

β = Coefficient

X1 = Self- Learning

X2=Self-Efficacy

X3 = Innovation

e = error term

Objective one: Influence of self-learning for both owners and managers on business performance (profit and ROA).

$$Y = profit = \alpha_0 + \beta_1 SLO + \epsilon_i \dots\dots 1$$

$$Y = ROA = \alpha_0 + \beta_1 SLO + \epsilon_i \dots\dots 2$$

$$Y = profit = \alpha_0 + \beta_1 SLM + \epsilon_i \dots\dots 3$$

$$Y = ROA = \alpha_0 + \beta_1 SLM + \epsilon_i \dots\dots 4$$

Where Y= Performance (Profit and ROA)

α_0 = Constant term of the model

ϵ_i =Error term for each observation

SLO= Self-learning for business owner

SLM= Self-learning for business manager

β_1 = Beta coefficient for self-learning

Objective Two: Influence of self-efficacy for both owners and managers on business performance (profit and ROA).

$$Y = profit = \alpha_0 + \beta_2 SEO + \epsilon_i \dots\dots 1$$

$$Y = ROA = \alpha_0 + \beta_2 SEO + \epsilon_i \dots\dots 2$$

$$Y = profit = \alpha_0 + \beta_2 SEM + \epsilon_i \dots\dots 3$$

$$Y = ROA = \alpha_0 + \beta_2 SEM + \epsilon_i \dots\dots 4$$

Where Y= Performance (Profit and ROA)

α_0 = Constant term of the model

ϵ_i =Error term for each observation

SEO= Self-efficacy for business owner

SEM= Self-efficacy for business manager

β_2 = Beta coefficient for self-efficacy

Objective Three: Influence of innovative behavior for both owners and managers on business performance (profit and ROA).

$$Y = profit = \alpha_0 + \beta_3 SIO + \epsilon_i \dots \dots 1$$

$$Y = ROA = \alpha_0 + \beta_3 SIO + \epsilon_i \dots \dots 2$$

$$Y = profit = \alpha_0 + \beta_3 SIM + \epsilon_i \dots \dots 3$$

$$Y = ROA = \alpha_0 + \beta_3 SIM + \epsilon_i \dots \dots 4$$

Where Y= Performance

α_0 = Constant term of the model

ϵ_i =Error term for each observation

SIO= innovative behavior for business owner

SIM= innovative behavior for business manager

β_3 = Beta coefficient for innovative behavior

3.9 Validity and Reliability

3.9.1 Validity

It is important criterion because it shows how well an instrument calculates what it's supposed to measure. It's often referred to as utility. To put it in another way, validity refers to the extent to which the variations discovered by the measuring instrument represent true differences between the people being measured (Kothari, 1990). To ensure the validity of the exercise and data collected, the researcher raised awareness of the research process among the people in the respective areas, which allowed them to provide fair information that is critical in the study's design. Furthermore, the researcher did everything possible to ensure that the data collection method, sampling, and methodology of the research were appropriate and relevant to the research. A limited sample of questionnaires were pre-tested therefore, this study is valid and reliable as valid methodology employed.

3.9.2 Reliability

Another factor of measurement to consider is reliability. According to Kothari, (1990) a measure is said to be highly reliable if it produces similar results under consistent conditions. The researcher maintained the study's reliability by ensuring the confidentiality of the respondent's information, this encouraged the respondent to freely provide information that would be used for study purposes. Also, the reliability of the study instrument (questionnaires) was done by consulting the study supervisor to review question wording, structure, sequence, and phrasing. This is consistent with Babbie and Monton's, (2002) observations who state that instrument reliability can be improved by pretesting the questionnaire, consulting experts in its development, limiting open-ended questions and conducting a thorough review of literature to develop the instrument.

Furthermore, the Cronbach's Alpha Coefficient was used in the study to test the ability of the study instrument to produce the desired results. Cronbach's alpha was used to test how well the Likert scale items measured the same basic feature (Pallante *et al.*, 2002).

3.10 Ethical Consideration

Ethical considerations in dissertations, particularly this type of research is very important, according to (Bryman & Bell, 2007). Prior to the study, full consent was obtained from the participants and proper confidentiality of the research data was ensured. Finally, any kind of false information was avoided, as skewed representation of primary data findings. As a result, permission to perform the study sought from the appropriate authorities. Graduate studies at the University of Dodoma (UDOM) are among them. Individuals were told about the study's intent and asked to participate voluntarily. The researcher's top priority was to maintain the confidentiality of their data.

CHAPTER FOUR

4.0 DATA PRESENTATION AND INTERPRETATION

Introduction

The study's findings are presented in this chapter. Separate analysis between business owners and operation managers was done in order to know the extent of the influence of entrepreneurial behaviors on SME's performance. The findings and discussion are presented in this chapter are as follows; Firstly, the study presented the general information of respondent such as profile of respondents, which includes age, sex, marital status, education level of respondents, position in the business and working experience. Secondly, SME's profile i.e. age, type of ownership, and current number of employees. Thirdly, the findings are presented, analyzed and discussed in accordance with the study objectives and research questions articulated in chapter one. The study's goal was to:

1. To examine the influence of self-learning on business performance.
2. To determine the influence of self-efficacy on business performance.
3. To determine the influence of innovative behavior on business performance.

4.1 Profile of Respondents

This part presents respondent characteristics which includes sex, age, marital status, highest education level and working experience in SMEs.

4.1.1 Sex of the respondent

Although sex of respondents is not the main focus of this study, it was taken into account in order to obtain relevant information related to this study. The findings showed that slight majority 69.6% were male while 30.4% were females. These findings imply that business is practiced by both female and male, thus there is no gender barriers. However, male appeared to be more than female as shown in Table 4.1, the proportions of sex category used in this study. These research results are consistent with the survey results of the National Baseline Survey Report on Small and Medium-sized Enterprises, (2012) in which more than half of the small and medium-sized enterprises found that the participation of men is higher than that of women. Similarly, Turton and Herrington, (2012) observed that men are more likely than women to pursue entrepreneurship globally.

Table 4. 1: Sex of the respondent

	Frequency	Percent
Male	141	69.6
Female	63	30.4
Total	204	100.0

4.1.2 Employment status of the respondent

There are total of 204 respondents where by 102 are business owners which are 50% and 102 are operation managers representing the other 50% from 102 SME's, as shown on Table 4.2.

Table 4. 2: Employment status of the respondent by business position

	Frequency	Percent
Business Owner	102	50
Operation Manager	102	50
Total	204	100.0

4.1.3 Age of the respondents

Based on these findings, it is clear that the study included SMEs owners and managers of various ages (youth and elders).

4.1.3.1 Business Owner's age

As shown in Table 4.3, majority 39.2% of respondents appeared in the age group of 36-45 years old and 26.5% of respondents appeared to be 46-55 years old, 17.6% were aged 56-65 years, 9.8% were aged 26-35 years and 6.9 % were aged above 66 years. The last age group i.e. 66 and above years was the smallest group of business owners. These findings imply that; agro-dealers are mainly practiced by active age group. This might be because people in this age group are more likely to have the capital and energy to establish businesses. The study findings are almost similar to a study done by Hastings and Tejeda-Ashton, (2008) that investor characteristics in SME's include the age that is needed to be active for productive potential. The investors in small and medium business need to be well informed about their choices for active and productive age group. Muijanack *et al.*, (2013) discovered that the age

of entrepreneurs has a positive relationship with the performance of SMEs in terms of profitability.

Table 4. 3: Business Owner’s age

	Frequency	Percent
26-35	10	9.8
36-45	40	39.2
46-55	27	26.5
56-65	18	17.6
66-above	7	6.9
Total	102	100.0

4.1.3.2 Business Operation Manager’s age

Business operation managers with the age between 26-45 years seemed to be dominant constituting 63.8%. On the other hand, business operation managers with age 56-65 years constitute about 4.9%, which was the smallest group as indicated on Table 4.4. This results show that the young managers particularly agro-dealers are energetic in the sense that, they can work hard since they are favored by age. Also it implies that agri-business needs productive group that are flexible and easy to train in case of any technological changes or product change. For instance Chinomona & Maziriri, (2015) found that middle-age is where now a person can work for a long time since he or she can endure different challenges compared to old ones whose energy have started to decrease due to their old age.

Table 4. 4: Business Operation Manager’s age

	Frequency	Percent
18-25	12	11.7
26-35	32	31.4
36-45	33	32.4
46-55	20	19.6
56-65	5	4.9
Total	102	100.0

4.1.4 Respondents marital status

Marital status of respondents is presented in Table 4.5. A large proportion i.e. 79.4% were married, compared to 5.4% who were cohabiting, single were 4.9% and separated were also 4.9% and a small proportion 2.9% and 2.5% were widowed and divorced respectively. These findings imply that, married respondents appeared to be majority because they undertake business practice for family responsibilities. These findings reflect the same from the reviewed literature. For example according to Nsubili, (2013) married people engage in economic activities to alleviate their social and economic hardships. Also, the results of research supported by Voh *et al.*, (2011) indicate that due to the desire to support the family and relatives, married people are likely to interact in economic activities.

Table 4. 5: Respondents marital status

	Frequency	Percent
Single	10	4.9
Married	162	79.4
Separated	10	4.9
Divorced	5	2.5
Widowed	6	2.9
Cohabit	11	5.4
Total	204	100.0

4.1.5 Education level of the respondents

In the field, respondent were asked to respond on their level of education. Table 4.6 and 4.7 shows the results of the findings.

4.1.5.1 Business owners education level

It is important to note that a majority (29.5%) of the respondents had primary education, 24.5% had secondary education, 23.5% held a certificate, 19.6% were diploma holders and the remaining 9.8% were graduates. Thus, the sample is predominantly composed of agro-dealers business owners with primary and secondary education as Table 4.6 shows. In line with previous studies the findings in this study aligns with Olomi, (2019) argued that less well-educated people in

developing countries find it difficult to secure paid jobs, forcing them to rely on self-employment as their only means of survival.

Table 4. 6: Business owners education level

	Frequency	Percent
Primary and below	30	29.5
Secondary education	25	24.5
Certificate	20	19.6
Diploma	17	16.6
Graduate	10	9.8
Total	102	100.0

4.1.5.2 Operation managers education level

Among the 102 respondents who are operation business managers, 35 of the respondents equivalent to 34.3% held a certificate, 27 respondents which is 26.5% are bachelor degree holders, while 22 respondents equivalent to 21.6% held advance diploma and 18 respondents which equals to 17.6% held secondary education as presented on Table 4.7. These findings imply that, most small and medium-sized agro-dealers operation managers are literate and have reached a college or university education level, so they can respond to behaviors that can improve business performance. People with secondary education cannot be compared to those with primary education or those who are uneducated under normal circumstances. This finding is similar to Tisimia's, (2014) that for those with college/university education, the majority prefer to be employed by the government and firms due to the payments and fringe benefits offered.

Table 4. 7: Business operation managers education level

	Frequency	Percent
Secondary education	18	17.6
Certificate	35	34.3
Diploma	22	21.6
Graduate	27	26.5
Total	102	100.0

4.1.6 Experience in business

Experience in business is important in the influence of entrepreneurial behavior on SMEs performance. A large proportion 24.5% had experience of more than 10 years, followed by 24% with 7 to 9 years of experience in business and 21.6% had experience of 4 to 6 years, while 21.1% had experience in business of 1 to 3 years and 8.8% had less than a year of experience as shown on Table 4.8. These findings imply that, majority of owners and operation managers had experience in business that could be used as a catalyst on the performance of their business. This finding agrees with the findings of Kristiansen *et al.*, (2013) who found that the length of time an entrepreneur has been in operation was significantly related to business success. However, according to a study conducted by Indarti and Langenberg, (2014) the length of time spent in business was not significantly related to success.

Table 4. 8: Respondents working experience in business

	Frequency	Percent
less than a year	18	8.8
1-3	43	21.1
4-6	44	21.6
7-9	49	24.0
10-above	50	24.5
Total	204	100.0

4.2 Description of SME's

This part presents business description which includes firm age, year of establishment, legal ownership and number of employees.

4.2.1 Firm Age

The majority of the enterprise 46% in the study had the age of 10 and above years, followed by 39.2% that had the age of 7-10 years, and 14.8% had the age of 3-6 years. The results show that, small and medium-sized enterprises have been in business for at least ten years as summarized on Table 4. 9. "This means that the company has been in operation for a long time, the owner/managers have acquired the necessary skills to overcome the initial challenges and succeed, and the trend is positive. Because owners/managers have the necessary skills for business management, this raises "(Jones, 01).

Table 4. 9: Year of establishment/acquisition

	Frequency	Percent
3-6	15	14.8
7-10	40	39.2
10-above	47	46.0
Total	102	100.0

4.2.2 Legal form of ownership

The sole proprietorship was observed to be the most common legal form of ownership among enterprises, accounting for 71.6 %, followed by the company form, which accounted for 19.6 % of the enterprises, and the partnership legal status accounted for only 8.8 percent as presented in Table 4.10. Many SMEs, in this opinion, prefer the sole proprietorship ownership structure because it is easier to start a business in this form (Holt, 2008).

Table 4. 10: Type of ownership

	Frequency	Percent
sole proprietorship	73	71.6
partnership	9	8.8
company	20	19.6
Total	102	100.0

4.2.3 Number of employees

Table 4.11 shows that the number of employees within the business is higher, with 78.4 percent of the businesses having 5-49 employees and 21.6% having 50-99 employees. As a result, this study finds that the small size category predominates among agro-dealers. This study employs classification based on the National Baseline Survey Report for SMEs, (2012) which stated that small businesses with 1 to 99 employees are classified as small enterprises.

Table 4. 11: Number of employees

Number of employees	Frequency	Percent
5-49	80	78.4
50-99	22	21.6
Total	102	100.0

4.3 Testing the assumptions of multiple linear regression

In the study, multiple regression analysis was used to cross-check the relationship between independent and dependent variables. Before proceeding with the actual analysis, reliability, normality and multi-collinearity tests were carried out.

4.3.1 Multi-collinearity test

The high multi-collinearity problem can increase the variance of the coefficient estimate, making it very sensitive to minor changes in the model, resulting in a weak and difficult-to-interpret estimate. A high multi-collinearity problem was performed, and the results are shown in Table 4.12, which includes the values of the inflation factor (VIF) and tolerance. When the tolerance value is less than 0.1 and the VIF is greater than 10, the problem of multi-collinearity emerges. As a result, the results in Table 4.12 show that there is no significant inter-correlation between the explanatory variables, making it impossible to distinguish between their effects. In other words, the multicollinearity problem does not exist. Because of the presence of multicollinearity, if the tolerance value is greater than 0.1 and the VIF is less than 10, the independent variable should be removed from the analysis (Garson, 2012).

Table 4. 12: Shows collinearity diagnosis

Model	Collinearity Statistics		Model	Collinearity Statistics	
Business Owner			Operation Manager		
	Tolerance	VIF		Tolerance	VIF
Innovation	.414	2.415	Innovation	.377	2.651
Self- efficacy	.551	1.815	Self- efficacy	.543	1.843
Self- learning	.583	1.717	Self- learning	.573	1.746

4.3.2 Linearity of variable

The assumption of linearity is a common assumption in regression analysis. Civelek, (2018) also claims that multiple linear regression assumes the existence of linear relationships between variables. Figures 4.13 and 4.14 shows that the dots are closer to the diagonal line. This demonstrates that the data are normally distributed because the straight linear line begins at zero (0) and there is no data deviation. As a result, the linearity assumption is accepted.

Figure 4. 1: Normal P-P plot of regression for linearity test

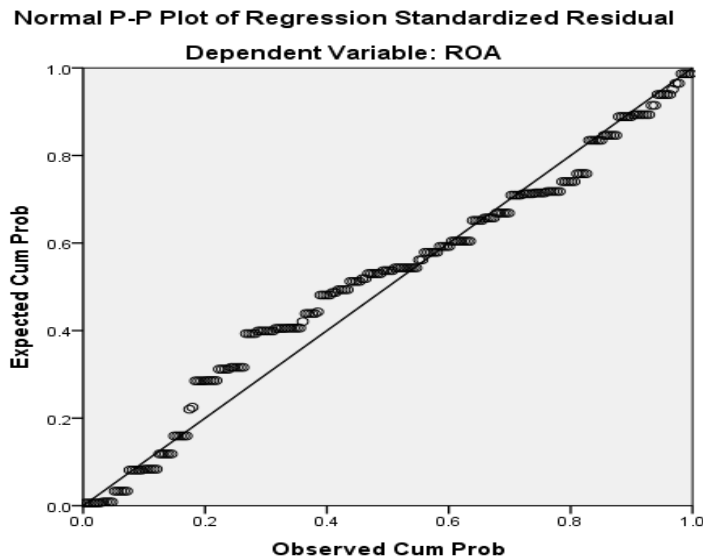
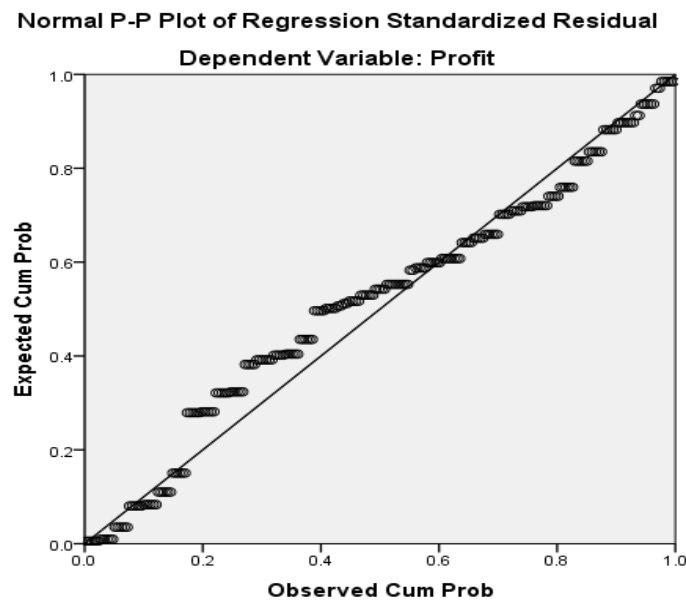


Figure 4. 2: Normal P-P plot of regression for linearity test



4.3.3 Normality of the variables

The normality of observed variables was checked using skewness and kurtosis. According to Balanda and MacGillivray, (1988) an acceptable range for normality is a value between -4 to 4. Therefore, since the values for each measure were between the acceptable limits this shows that observed and latent variables of the present study were normally distributed.

The analysis shown in Table 4.15, 4.16 and 4.17 shows that the skewness and kurtosis for all variables were within acceptable limits. As a result, the fact that the values for each measure were within the acceptable ranges indicates that the observed and latent variables in the current study were normally distributed.

Table 4. 13: Descriptive statistics for self-learning

	Skewness Statistic	Kurtosis Statistic
I have work experience before this business	-.472	-.906
I have past experience with business management activities before starting my own business/working here	2.296	4.499
My business success depends heavily upon me.	1.181	1.119
I have the ability to work in an interdisciplinary team	1.021	.661
I can take my time to study even though I am busy	.457	.248
Other persons frequently ask for my advice about business issues	.286	-.490
I am willing to leave time to study	-.259	.561
I believe there is some sort of pattern or formula to becoming a successful entrepreneur	.375	.111

Table 4. 14: Descriptive statistics for self-efficacy

	Skewness Statistic	Kurtosis Statistic
When I make plans, I am confident that I will be able to carry them out	.596	.558
I keep trying to achieve something important even though it's harder than I expected	.532	-.309
When I have an unpleasant task to do, I keep with it until it is completed	.891	.813
I will succeed in whatever things I choose to do	.742	.528
I am certain that I will achieve the goals that I set for myself	-1.056	1.028
Even if those around me disagree, I normally trust my own judgment.	1.057	.958
I have the ability to convince people who disagree with me	.769	-.637
I'm able to assess a concept's potential worth.	-.672	.227
When I get along with others, I make an effort to interact with them on a regular basis	1.106	-.942

Table 4. 15: Descriptive statistics for innovative behavior

	Skewness Statistic	Kurtosis Statistic
I believe that to become successful in business, I must spend some time every day developing new ideas	.603	.506
I am aware that I am usually one of the last people in my group to accept something new	.763	-.592
I tend to feel that the old way of living and doing things is the best way	.959	.511
I develop new products and market opportunities	-.775	-.475
I often try to invent new uses for everyday objects	2.030	4.771

4.4 Reliability Test

Haryono and Sweens, (2012) concluded that the consistency of a measurement is referred to as reliability. This study aims to test the consistency of any existing statements in the questionnaire as a measurement of the latent variable (Wijanto, 2018). According to Mohajan, (2017) reliability is defined as the consistency of results from other studies on the same topic despite differences in techniques used.

The Cronbach's alpha Coefficient was used in the study to test the instrument's ability to produce the desired results. Cronbach's alpha was used to determine how well the Likert scale items measured the same basic feature (Pallante, 2002). The Alpha of the Cronbach coefficient was tested using Likert scales to determine the effect of self-learning, self-efficacy, and innovative behavior on the performance of SMEs. In terms of reliability and validity, George and Maleri, (2003) suggest the following thumb rules for Cronbach alpha values: in terms of reliability and validity,

> 0.9 equals excellent, > 0.8 equals good, > 0.7 equals acceptable, > 0.6 equals questionable, > 0.5 equals bad, and > 0.5 equals unacceptable.

Table 4. 16: Shows reliability Statistics for all independent variable

Variables	Cronbach's Alpha	N of Items
Self-learning	.789	8
Self-efficacy	.912	9
Innovative Behavior	.936	5

Table 4.18 indicates reliability of the information whereby Cronbach's alpha for self-learning, self-efficacy, and innovative behavior were found to be 0.789, 0.912, and 0.936 respectively. Since Cronbach's alpha Coefficient is above 0.7, hence the items for self-learning, self-efficacy, and innovative behavior were regarded as reliable (excellent for self-efficacy and innovation but acceptable for self-learning). This implies that the items used to define all variables have data with internal consistency, and the instruments used have a high possibility of being answered consistently by the respondents.

4.5 Influence of self-learning on business performance

The researcher was interested in learning more about how self-learning influences the businesses performance.

4.5.1 Reliability test for each item included in self-learning

The suggested coefficient standard is 0.7, indicating that the scale's amount is related to similar situations and items. This means that the scale is considered reliable at 0.7 or above. Table 4.19 shows that all items in the reliability test have Cronbach's alpha coefficients greater than 0.7 and closer to 1.0, with a minimum of 0.736 and a maximum of 0.797, indicating that there is internal consistency of data across all items in self-learning.

Table 4. 17: Reliability test for each item included in self-learning

	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
I have work experience before this business	18.039	.660	.737
I have past experience with business management activities before starting my own business/working here	22.904	.344	.788
My business success depends heavily upon me?	19.823	.441	.774
I have the ability to work in an interdisciplinary team	17.384	.528	.764
I can take my time to study even though I am busy	17.305	.652	.736
Other persons frequently ask for my advice about business issues.	19.967	.526	.762
I am willing to leave time to study	19.335	.576	.753
I believe there is some sort of pattern or formula to becoming a successful entrepreneur	22.006	.266	.797

4.5.2 Inferential statistics for objective one: Influence of self-learning on business performance.

The study conducted multiple regression analysis which involved, model summary, ANOVA and coefficient of correlation to test how independent variables (self-learning) influence the dependent variable (SMEs performance). It provided information regarding the significance of self-learning, that were included in the model.

Multiple linear regression was an appropriate model for examining how self-learning influences business performance (profit and ROA), given the nature of the data.

$$Y = profit = \alpha_0 + \beta_1 SLO + \epsilon_i \dots \dots 1$$

$$Y = ROA = \alpha_0 + \beta_1 SLO + \epsilon_i \dots \dots 2$$

$$Y = profit = \alpha_0 + \beta_1 SLM + \epsilon_i \dots \dots 3$$

$$Y = ROA = \alpha_0 + \beta_1 SLM + \epsilon_i \dots \dots 4$$

Where Y= Performance

α_0 = Constant term of the model

ϵ_i =Error term for each observation

SLO= Self-learning for business owner

SLM= Self-learning for business manager

β_1 = Beta coefficient for self-learning

4.5.2.1 Influence of self-learning for both business owner and operation manager on profit.

Table 4. 18: Model summary for objective one: self-learning on profit

Model	Business Position	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Owner	.991 ^b	.981	.981	.108
	Manager	.732 ^b	.659	.639	.421

a. Predictors: (Constant), Abilities/individual development, Knowledge, Skills

b. Dependent Variable: profit

The value of correlation for business owner (R value) is 0.981, as seen in the Table 4.20 above. Independent factors can account for 98.1% of the variance in the dependent variable. However, this analysis leaves 1.9% of it unexplained. That is, the independent variable (self-learning), influences profit by 98.1%, whereas the remaining percent is due to the contribution of other factors not considered in this study. This means that business owner influence profit about 98.1% through self-learning. While, for operation managers the R value is 65.9 which means that independent factors account for 65.9% of the variance in the dependent variable as shown on Table 4.20. This analysis however, leaves 44.1 % of it unexplained. That is self-learning influences profit by 65.9%, while the remaining percentage is due to the contribution of other factors not considered in this study.

Table 4. 19: ANOVA test for objective one on profit

Model	Business Position	Sum of Squares	df	Mean Square	F	Sig.
Regression	Owner	60.633	3	20.211	17.784	.000 ^c
Residual		1.153	98	.012		
Total		61.786	101			
Regression	Manager	21.125	3	7.042	18.284	.000 ^c
Residual		37.743	98	.385		
Total		58.868	101			

a. Dependent Variable: profit

b. Predictors: (Constant), Abilities/individual development, Knowledge, Skills

ANOVA results indicates that, business owner's knowledge, skills and abilities/individual development (self-learning) have a positive significant on profit as indicated in the model that (F=17.784, p=.000). The p-value (Sig 0.000) is smaller than the alpha value 0.05, but also the findings revealed that operation manager's knowledge, skills and abilities/individual development have positive significant on profit at (F= 18.284, p=0.000) as shown in Table 4.21.

Table 4. 20: Relationship between self-learning and profit

Model	Business Position	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		.020	.055		.356	.723
Knowledge	Owner	.065	.019	.650	3.435	.001
Skills		.271	.025	.222	10.841	.000
Abilities/ individual development		.783	.019	.820	40.699	.000
(Constant)	Manager	1.089	.268		4.067	.000
Knowledge		.190	.116	.159	2.941	.004
Skills		.186	.102	.206	1.812	.073
Abilities/ individual development		.502	.105	.511	4.788	.000

a. Dependent Variable: profit

$$Y = \alpha_0 + \beta_1 \text{Knwlg} + \beta_1 \text{Skills} + \beta_1 \text{Ablit} + \epsilon_i \dots\dots\dots 1$$

$$\text{Profit} = 0.20 + 0.650 \text{Knwlg} + 0.22 \text{Skills} + 0.820 \text{Ablit}$$

$$Y = \alpha_0 + \beta_1 \text{Knwlg} + \beta_1 \text{Skills} + \beta_1 \text{Ablit} + \epsilon_i \dots\dots\dots 2$$

$$\text{Profit} = 1.089 + 0.159 \text{Knwlg} + 0.206 \text{Skills} + 0.511 \text{Ablit}$$

4.5.2.1.1 Knowledge and profit

Moreover, the results on Table 4.22 shows that both business owners’ and operation managers’ knowledge, have a positive significant relationship on profit with a coefficient values of ($\beta = .650, p = .001$) and ($\beta = .159, p = .000$) respectively, held others variables constant because the P-value is smaller than the alpha value 0.05. It can be explained by every one unit increase will lead to .650 and .159 units increase on profit respectively. This implies that knowledge of the business owner has greater influences on SMEs performance than that of the operation manager. Knowledge is power. As a result, entrepreneurial learning always has a positive impact on entrepreneurial outcomes by assisting entrepreneurs in acquiring and updating knowledge (Minniti & Bygrave, 2011). Hence Mashal, (2017) suggested that owners

and staff must have knowledge in order to survive longer in this complex, competitive and challenging world.

This result is also supported by the famous Economist Smith, (1776) that knowledge and skills of the business owner in a firm play essential roles in the success of entrepreneurs and do not require formal education such as commerce, finance, or taxation. Also, the study findings from those of Bontis *et al.*, (2002) some similarities may be discovered. According to Bontis *et al.*, owner knowledge and skills are more directly connected with business performance and should thus be prioritized. Furthermore, because employees may feel restricted and hence not use their particular knowledge, this could be a contributing factor to the manager's knowledge.

4.5.2.1.2 Skills and profit

The regression results on the managers' side in Table 4.22 show that skills were found insignificant values on the dependent variable (SMEs performance - profit) with coefficient values of ($=.206$, $p=.073$), when other variables are held constant, and its P-value is more than 0.05, while on business owners skills has significant values on profit with coefficient value of $\beta=.222$, $p=.000$ when other variables are held constant, and its P-value is less than 0.05. It can be explained by every one unit increase on skills, will lead to .222 units increase on profit. For example Politis, (2015) proposed that owner entrepreneurial skills can improve the ability to recognize and act on opportunities, as well as manage the liabilities of newness, both of which are generally regarded as essential for successful entrepreneurs.

These findings implies that owners' business skills has influence on profit while managers' skills has no influence on profit. This means that many of the managers don't have enough skills on business operation. According to Shenura *et al.*, (2016) business skills are a fundamental component of starting, running and managing a successful business. These skills equip a business owner with the ability to meet the needs of both consumers and employees.

The findings are similar to a study done by Rasmulia, (2016) which indicates that it is important to improve the quality of human resources, particularly in the area of human resources skills such as entrepreneurship and attitude. The development of

human resources is beneficial not only to business owners in SMEs but also to improve employees' working conditions. Likewise, Sitharam, (2016) agrees on the above findings with the fact that the internal environment encompasses factors that are mostly business-controlled in the business environment. In the internal company environment challenges include management skills, poor financial understanding and lack of training in corporate management, technological ability.

4.5.2.1.3 Individual Ability/ Development and profit

On the other hand, the regression results in Table 4.22 shows that individual abilities/development of business owner and operation managers has a positive significant relationship on profit with a coefficient values of ($\beta=.820$, $p=.000$) and ($\beta=.511$, $p=.000$) when held other variables constant because the P-value is smaller than the alpha value 0.05. It can be explained by every one unit increase in abilities/individual development will lead to .820 and .511 units increase on profit. These findings show that, individual abilities of the business owners has greater influence on profit than that of their managers. In business, personal development improve effectiveness. There is increasing consensus that personal development is essential for improving performance and adding value (Cope, 2005; Sullivan *et al.*, 2021).

This results are similar to Zhang and Bruning, (2011) which contend that the success of a small and medium sized firm in terms of profit is heavily dependent on the personal abilities and development of the business owner. According to (Zoysa and Herath, 2017; Boytazis, 2017), personal development empowers manager and staff to produce better results and meet target. They conclude that a personal development plan for each member of the enterprise can increase productivity and motivation up to ten times.

4.5.2.2 Influence of self-learning for both business owner and operation manager on ROA.

Table 4. 21: Model summary for objective one: self-learning on ROA

Mode	Business Position	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Owner	.792 ^b	.628	.616	.453
	Manager	.662 ^b	.513	.509	.362

a. Predictors: (Constant), Abilities/individual development, Knowledge, Skills

b. Dependent Variable: ROA

Multiple regressions analysis employed determine influence of self-learning on Return on Asset (ROA) of small and medium agro-dealers. Result in the Table 4.23 indicates that business owners' when they practice self-learning can account for R square 0.628 (62.8%) of the variance in the dependent variable (ROA). The remaining of the variation, 0.372 (37.2 %), is explained by factors not investigated in this study. Furthermore, the regression analysis output in Table 4.23 shows that R square=0.513 (51.3 %), indicating that 48.7 % of the difference in the dependent variable in all of the independent variables for this study.

Table 4. 22: ANOVA test for objective one on ROA

Model	Business Position	Sum of Squares	df	Mean Square	F	Sig.
Regression	Owner	33.946	3	11.315	15.059	.000 ^c
Residual		20.140	98	.206		
Total		54.086	101			
Regression	Manager	11.651	3	3.884		.000 ^c
Residual		42.942	98	.438	18.863	
Total		54.593	101			

a. Dependent Variable: ROA

b. Predictors: (Constant), Abilities/individual development, Knowledge, Skills

Further, ANOVA results from business owners show that both variables (Abilities/individual development, Knowledge, Skills) were good predictors of Return on Asset (ROA). As revealed in Table 4.24 it showed that collectively all variables had a significant influence on the Return on Asset (ROA) of small and

medium agro-dealers firms ($F = 15.059, P < 0.000$). The analysis variance summary (ANOVA) on operation managers, on the other hand, shows that the F statistic is at 18.863 (19 %) at a significant level of 0.000. This demonstrates that the set variables have a statistically significant relationship.

Table 4. 23: Relationship between self-learning and ROA

Model	Business Position	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		.415	.229		1.812	.073
Knowledge	Owner	.144	.079	.117	1.823	.071
Skills		.510	.105	.446	4.874	.000
Abilities/individual development		.368	.080	.412	4.579	.000
(Constant)	Manager	1.372	.286		4.802	.000
Knowledge		.260	.124	.385	5.100	.003
Skills		.204	.109	.236	1.867	.065
Abilities/individual development		.335	.112	.354	3.000	.003

a. Dependent: ROA

$$Y = \alpha_0 + \beta_1 \text{Knwlg} + \beta_1 \text{Skills} + \beta_1 \text{Ablit} + \epsilon_i \dots \dots \dots 3$$

$$\text{ROA} = 0.415 + 0.117 \text{ Knwlg} + 0.446 \text{ Skills} + 0.412 \text{ Ablit}$$

$$Y = \alpha_0 + \beta_1 \text{Knwlg} + \beta_1 \text{Skills} + \beta_1 \text{Ablit} + \epsilon_i \dots \dots \dots 4$$

$$\text{ROA} = 1.372 + 0.385 \text{ Knwlg} + 0.236 \text{ Skills} + 0.354 \text{ Ablit}$$

4.5.2.2.1 Knowledge and ROA

The regression results on the business owners side in Table 4.26 show that knowledge was found insignificant values on the dependent variable (SMEs performance - ROA) with coefficient values of ($\beta = .117, p = .071$), when other variables are held constant and its P-value is more than 0.05 while operation managers' skills has significant values on ROA with coefficient value of $\beta = .225, p = .003$ when other variables are held constant and its P-value is less than 0.05. It can be explained by every one unit increase in knowledge, will lead to .225 units increase in ROA. Specifically, entrepreneurial learning involves how new knowledge is created and

how it is embodied and utilized (Cope, 2015). Long & Ismail, (2008) and Lertputtarak, (2012) concluded that the human resource management system improves employee performance by enhancing knowledge, skills, expertise and degree of competence. Owners are sometimes depending on their managers to carry out day-to-day business operations.

Managers must know how to create a strategy based on the knowledge they possessed. They must make a good use of the knowledge they have and share it to others. Using this knowledge in a rightful way helps managers to manage their business more successfully, thus reducing business threats and to take advantage of opportunities to the fullest so that they could improve their organizations to be better (Gholamhossein and Ramezani, 2016).

4.5.2.2.2 Skills and ROA

On the other hand, the regression results on managers' side in Table 4.26 above shows that skills has no significant values on dependent variable (SMEs performance - ROA) with a coefficient values of ($\beta=.236$, $p=.065$) respectively when other variables are held constant, and its P-value is more than 0.05 while business owners skills has positive significant values on ROA with coefficient value of $\beta=.446$, $p=.000$ when other variables are held constant and its P-value is less than 0.05. It can be explained by every one unit increase in knowledge, will lead to .446 units increase in ROA. According to Guth and Ginberd, (2020) business owners need to have a widespread amount of knowledge, whether it is the understanding of consumers' need or the business environment or the skills, experience and backgrounds of the employees or the plans for upcoming activity.

According to John, (2021) some ventures headed by entrepreneurs who are highly motivated, have creative business concepts, and extensive practical knowledge and resources fail due to a lack of social competency. This failure could be attributed to its owner managers' incapacity to communicate successfully with others. As a result, in order to properly comprehend the aspects that influence business performance, it may be beneficial to look at numerous qualities of entrepreneurs as well as their social behavior, such as social skills and effectiveness, as well as emotional intelligence.

4.5.2.2.3 Individual abilities/ development and ROA

Table 4.26 shows that individual abilities/ development for both owner and manager has significant values on dependent variable (ROA) with a coefficient values of ($\beta=.412$, $p=.000$), ($\beta=.354$, $p=.003$) respectively, when other variables are held constant, and its P-value has less than 0.05. It can be explained by every one unit increase in individual abilities/ development will lead to .412 and .354 units increase in ROA. Personal development is a business long process that helps owner and manager to assess their firm goals and up skill to fulfill their potentials. Churchill, (2018), stated that personal development contributes to both satisfaction and success in business. According to Scarborough and Zimmerer, (2018) personal development is important in the workplace, keeping a firm up and running profitable is a huge task and it certainly requires a lot of attention and dedication.

4.6 Influence of self-efficacy on business performance

The researcher was interested in learning more about how self-efficacy influences the businesses performance.

4.6.1 Reliability test for each item included in self-efficacy

The suggested coefficient standard is 0.7, indicating that the scale's amount is related to similar situations and items. This means that the scale is considered reliable at 0.7 or above. Table 4.27 shows that all items in the reliability test have Cronbach's Alpha coefficients greater than 0.7 and closer to 1.0, with a minimum of 0.893 and a maximum of 0.925, indicating that there is internal consistency of data across all items in self-efficacy.

Table 4. 24: Reliability test for each item included in self-efficacy

	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
When I make plans, I am confident that I will be able to carry them out	31.017	.827	.895
I keep trying to achieve something important even though it's harder than I expected	31.710	.466	.925
When I have an unpleasant task to do, I keep with it until it is completed	31.485	.707	.902
I will succeed in whatever things I choose to do	31.850	.577	.912
I am certain that I will achieve the goals that I set for myself	30.679	.839	.893
Even if those around me disagree, I normally trust my own judgment.	30.976	.803	.896
I have the ability to convince people who disagree with me	31.303	.827	.895
I'm able to assess a concept's potential worth.	31.850	.577	.912
When I get along with others, I make an effort to interact with them on a regular basis	30.679	.839	.893

4.6.2 Influence of self-efficacy for both business owner and operation manager on profit.

Table 4. 25: Model summary for objective two: self-efficacy on profit

Model	Business Position	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Owner	.982 ^b	.964	.963	.150
	Manager	.860 ^b	.844	.839	.242

a. Predictors: (Constant), Verbal Persuasion, Task accomplishment, Individual Judgment

b. Dependent Variable: profit

According to the regression output in Table 4.28 above, business owners' self-efficacy has a positive relationship with SMEs performance (profit), with an R-square value of 96.4 % (.964), whereas the remaining percent is due to the contribution of other factors not considered in this study. Furthermore, Table 4.28 shows R-square where operation managers' self-efficacy explains approximately 0.844 (84.4 %) of the proportional change (variation) in profit. The remaining variation, 0.156 (15.6 percent) is explained by factors not investigated in this study.

Table 4. 26: ANOVA Test for objective two: self-efficacy on profit

Model	Business Position	Sum of Squares	df	Mean Square	F	Sig.
Regression		59.571	3	19.857	78.507	.000 ^c
Residual	Owner	2.215	98	.023		
Total		61.786	101			
Regression		18.492	3	6.164	64.961	.000 ^c
Residual	Manager	40.376	98	.412		
Total		58.868	101			

Depend variable: Profit

Predictors: (Constant), Verbal Persuasion, Task accomplishment, Individual Judgment

Further, ANOVA results show that, the influence of owner manager self-efficacy on the dependent variable (performance - profit) was statistically significant because the p-value (Sig 0.000) is smaller than the alpha value 0.05 and the model is fit

(F=78.5%). However, the analysis variance summary (ANOVA) on managers self-efficacy, indicate that the F statistic is at .6496 which is 65% at a significant level of .000 as indicated in Table 4.29.

Table 4. 27: Relationship between self-efficacy and profit

Model	Business Position	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		(Constant)				
Task accomplishment	Owner	.060	.049	.640	3.206	.001
Individual Judgment		.788	.040	.782	19.896	.000
Verbal Persuasion		.198	.040	.191	4.963	.000
(Constant)		.580	.310		1.870	.064
Task accomplishment	Manager	.287	.178	.193	2.915	.003
Individual Judgment		.058	.116	.064	1.995	.001
Verbal Persuasion		.485	.135	.461	3.595	.001

a. Dependent: Profit

$$Y = \alpha_0 + \beta_2 \text{Task} + \beta_2 \text{Judgment} + \beta_1 \text{Verbal} + \epsilon_i \dots \dots \dots 1$$

$$\text{Profit} = -0.054 + 0.640 \text{ Task} + 0.782 \text{ Judgment} + 0.191 \text{ Verbal}$$

$$Y = \alpha_0 + \beta_2 \text{Task} + \beta_2 \text{Judgment} + \beta_1 \text{Verbal} + \epsilon_i \dots \dots \dots 2$$

$$\text{Profit} = 0.580 + 0.193 \text{ Task} + 0.064 \text{ Judgment} + 0.461 \text{ Verbal}$$

Table 4.30 indicates that, in the analysis of the influence of both business owners and operation managers self-efficacy on SME profit, three variables were used, these are task accomplishment, individual judgment and verbal persuasion. All variables were analyzed to be positive and significant in relation to profit. These findings are in line with Bandura, (2007) that there are some aspects of what is commonly considered self-efficacy, such as the belief to be able to carry on the actions necessary to achieve one's goal that influence SMEs performance.

4.6.2.1 Task Accomplishment and profit

Specifically, task accomplishment on both sides (business owner and operation manager) was found to be significant on the influence of profit with $\beta=.640$, $p=.001$ and $\beta=.193$, $p=.000$ respectively, when other variables are held constant, and its p-value has less than 0.05. It can be explained by every one unit increase in task accomplishment, will lead to .640 and .193 units increase in profit. This imply that when business owner accomplish his task has greater influence on profit than his operation manager. Individuals with a positive outlook on their ability to act are more likely to have an entrepreneurial spirit (Drnovsek *et al.*, 2010). This is the type of attitude that will be critical to the successful completion of the entrepreneurial undertaking. Similar findings indicated by Man *et al.*, (2002) contended that SMEs being persistent associated committed to the task can enhance performance of the firm within the long run. According to the, theory of need to achieve state that, persons who have a strong need to succeed frequently find their way of entrepreneurship to accomplish their task, hence have a greater chances of success than other entrepreneurs (Littunen, 2010).

4.6.2.2 Individual Judgment and profit

The findings, also show that both business owners and operation managers are significant in predicting the dependent variable which is profit with $\beta=.782$, $p=.000$ and $\beta=.064$, $p=.001$ respectively, when other variables are held constant, because the P-value is smaller than the alpha value 0.05. It can be explained by every one unit increase in individual judgment will lead to .782 and .064 units increase in profit. This findings revealed that business owners has greater influence than their managers. It is about belief in one's ability to activate motivational, cognitive, and functional abilities in a given circumstance (Wood & Bandura, 1989). Individual judgment in entrepreneurship reflects perceived feasibility and is critical in behavioral choices and performance outcomes (McGee and Peterson, 2019; Newman *et al.*, 2019). These findings are consistent with those of Mauer *et al.*, (2017) who discovered that personal evaluation of experiences influences firm performance. Means that when a person has higher levels of individual judgment, he is more likely to pursue new things to achieve a goal. According to some, competitive advantage is

determined by the actions of individuals who are qualified to achieve business goals (Hofrichter & Spencer, 2016; Prabhu *et al.*, 2012).

4.6.2.3 Verbal Persuasion and profit

On the other hand, the study revealed that, verbal persuasion for both business owner and operation manager were found to be significant on the influence of profit with $\beta=.191$, $p=.000$ and $\beta=.461$, $p=.001$ respectively, when other variables are held constant, and it's P-value has less than 0.05. It can be explained by every one unit increase in verbal persuasion will lead to .191 and .461 units increase in profit. This suggests that, managers have greater influence on profit through verbal persuasion compared to owners on SMEs performance. This is because, owners seek personnel whose habits are compatible with the firm's effort to compete in a quickly, changing, multinational business environment. Several knowledge, skills, abilities, and other characteristics of individual invention have become the driving force of researchers' study efforts over the year (Griffin and Ebert, 2019). Research has indicated that when owners are confident that their managers can successfully perform a task, the managers perform at a higher level. However, the power of the persuasion would be contingent on the leader's credibility, previous relationship with the employees, and the leader's influence in the organization (Eden, 2003).

In this regard Jose, (2019) argue that persuasive methods and elocutionary act intentions are especially important in commercial environments and in SME activity in particular. Entrepreneurs and small and medium firms must rely heavily on their ability to persuade clients, investors, and other colleagues about the viability of their business ideas as well as their personal capability to lead these endeavors to success, to carry out their jobs effectively.

4.6.3 Influence of self-efficacy for both business owner and operation manager on ROA.

Table 4. 28: Model summary for objective two: self-efficacy on ROA

Model	Business Position	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Owner	.910 ^b	.828	.823	.308
	Manager	.667 ^b	.522	.511	.115

a. Predictors: (Constant), Verbal persuasion, Task accomplishment, Individual judgment

b. Dependent Variable: ROA

The finding in Table 4.31 suggests that, variables included in business owners' self-efficacy are good measures of the business performance. This is because, the values of R – square is 0.828 (83%) meaning that the variable included in the model explain ROA by 83 %. However, the rest of the variation (17%) is explained by other factors not studied in this research. On manager's side, the value of correlation (R value) is 0.322. Independent factors can account for 52.2% of the variance in the dependent variable. However, this analysis leaves 47.8 percent of it unexplained. That is the independent variable, self-efficacy influences the dependent variable (ROA) by 52.2 percent, whereas the remaining percent is due to the contribution of other factors not considered in this study.

Table 4. 29: ANOVA Test for objective two: self-efficacy on ROA

Model	Business Position	Sum of Squares	df	Mean Square	F	Sig.
Regression		44.792	3	14.931	57.444	.000 ^c
Residual	Owner	9.294	98	.095		
Total		54.086	101			
Regression		17.558	3	5.853	55.488	.000 ^c
Residual	Manager	37.035	98	.378		
Total		54.593	101			

a. Dependent Variable: ROA

b. Predictors: (Constant), Verbal persuasion, Task accomplishment, Individual judgment

However, the analysis variance summary on business owners (ANOVA), indicate that the F statistic is at 57.444 which is 57% at a significant level of .000 as indicated in Table 4.32 above. This shows that the statically significant relationship between the set of self-efficacy variables on ROA. Another F test which was explained by ANOVA about managers was 55.488 while p value is 0.000 (p<0.05) showing that, the model of self-efficacy was acceptable. Table 4.32 summarizes it.

Table 4. 30: Relationship between self-efficacy and ROA

Model	Business Position	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		.241	.137		1.765	.081
Task accomplishment	Owner	.190	.101	.137	2.875	.000
Individual Judgment		.305	.081	.323	3.760	.000
Verbal Persuasion		.709	.082	.729	8.666	.000
(Constant)		.217	.297		.730	.467
Task accomplishment	Manager	.430	.170	.301	2.528	.003
Individual Judgment		.087	.111	.100	2.780	.003
Verbal Persuasion		.236	.129	.233	1.829	.070

a. Dependent Variable: ROA

$$Y = \alpha_0 + \beta_1 \text{Task} + \beta_2 \text{Judgment} + \beta_3 \text{Verbal} + \epsilon_i \dots \dots \dots 3$$

$$\text{ROA} = 0.241 + 0.190 \text{ Task} + 0.305 \text{ Judgment} + 0.709 \text{ Verbal}$$

$$Y = \alpha_0 + \beta_1 \text{Task} + \beta_2 \text{Judgment} + \beta_3 \text{Verbal} + \epsilon_i \dots \dots \dots 4$$

$$\text{ROA} = 0.217 + 0.170 \text{ Task} + 0.111 \text{ Judgment} + 0.129 \text{ Verbal}$$

The other part of the study sought to determine the influence for both business owners and operation managers' self-efficacy (task accomplishment, individual judgment and verbal persuasion) as an entrepreneurial behavior on return on asset of the agro-dealers, the results as presented on Table 4.33.

4.6.3.1 Task Accomplishment and ROA

On the other hand, the regression results in Table 4.33 shows that task accomplishment for both owner and manager has positive significant values on dependent variable (ROA) with a coefficient values of ($\beta=.137$, $p=.000$), ($\beta=.301$, $p=.001$) respectively, when other variables are held constant, and its P-value has less than 0.05. It can be explained by every one unit increase in task accomplishment will lead to .137 and .301 units increase in ROA. Specifically, a person with high self-efficacy believes that he is capable of mobilizing motivation, cognitive resources, performance accomplishments, and courses of action to meet given situational demands (Bandura and Wood, 1989).

This results reflect the same with that of Kotler and Keller, (2012) where he found that task accomplishment on SMEs can achieve their full performance and growth as it contributes to focus on SME plans. Also Wang *et al.*, (2003), strongly indicated that getting involved in and putting effort into the business would assist in the identification of pitfalls in the business operations, hence increase business performance.

4.6.3.2 Individual Judgment and ROA

Result has indicated that there is a positive relationship between owners and operation managers' individual judgment on ROA of a firm with coefficient values of ($\beta=.323$, $p=.000$), ($\beta=.100$, $p=.003$) respectively, and p-value is less than the alpha value 0.05. It can be explained by every one unit increase in individual judgment will lead to .323 and .100 units increase in ROA. These findings imply that manager has greater influence on ROA than their employer. Individual judgment is considered as a motivational mechanism that not only enables people to set higher goals but also strengthens the likelihood of goal achievement, which positively affects performance (Bandura, 1991). The existing literature shows that individual judgment is effective in influencing goal commitment, aspiration levels, task persistence and work attitude (McGee and Peterson, 2019; Newman *et al.*, 2019). The same findings lamented by (Afrifa, 2013; Guth and Ginberd, 2020) that managers are hired because of their potential in managerial skills, experience and talent which is very vital for the growth and expansion of SMEs.

4.6.3.3 Verbal Persuasion and ROA

On the other hand, the regression results in Table 4.33 shows that the business owner verbal persuasion has positive significant values on ROA with a coefficient values of $\beta=.729$, $p=.000$ and p-value is less than the alpha value 0.05. It can be explained by every one unit increase in verbal persuasion will lead to .729 units increase in ROA. Researchers concur with this and observe that people with high convincing power can create positive expectations regarding future performance and motivate themselves to strive for goals even if in undesirable circumstances (Bandura, 1997; Baumgartner *et al.*, 2018). Businesses that perform well are most likely (properly) marketed by convincing customers, stakeholders and even shareholders. Arguably, business performance is highly correlated to business marketing (Torres and Watson, 2013). While, on managers side have found to be insignificant on the influence on ROA with a coefficient values of $\beta=.233$, $p=.070$, means p-value is greater than the alpha value 0.05. As emphasized by Gilmore *et al.*, (2006), the characteristics of marketing in SMEs are determined by key constraints such as lack of good skills on convincing. SMEs also suffer from a lack of marketing expertise that may be due to the owner/manager's limited skills in marketing or the absence of a marketing specialist.

4.7 The Influence of innovative behavior on business performance.

The researcher was interested in learning more about how innovative behavior influences SME's performance.

4.7.1 Reliability test for each item innovative behavior

The researcher was interested in learning more about how in innovative behavior influences the businesses performance. The data was analyzed, interpreted, and discussed using both descriptive and inferential statistics. The suggested coefficient standard is 0.7, indicating that the scale's amount is related to similar situations and items. This means that the scale is considered reliable at 0.7 and higher. Table 4.34 shows that all items in the reliability test have Cronbach's Alpha coefficients greater than 0.7 and closer to 1.0, with a minimum of 0.905 and a maximum of 0.937, indicating that there is internal consistency of data across all items in innovative behavior.

Table 4. 31: Reliability test for each item included in innovative behavior

	Scale Variance if Item Deleted	Corrected Item-Total Correlatio n	Cronbach's Alpha if Item Deleted
I believe that to become successful in business you must spend some time every day developing new ideas	8.595	.805	.925
	8.942	.742	.937
I am aware that I am usually one of the last people in my group to accept something new			
I tend to feel that the old way of living and doing things is the best way	8.384	.912	.905
I develop new products and market opportunities	8.364	.865	.914
	8.822	.821	.922
I often try to invent new uses for everyday objects			

4.7.2 Inferential statistics for the objective three: The influence of innovative behavior on SME's performance.

The study conducted multiple regression analysis which involve model summary, ANOVA and coefficient of correlation to test how independent variables (innovative behavior) influence the dependent variable (SMEs performance). It provided information regarding the significance of innovative behavior that were included in the model.

Multiple linear regression was an appropriate model for examining how innovative behavior influences business performance (profit and ROA), given the nature of the data. The following is the equation:

$$Y = profit = \alpha_0 + \beta_3 SIO + \epsilon_i \dots \dots 1$$

$$Y = ROA = \alpha_0 + \beta_3 SIO + \epsilon_i \dots \dots 2$$

$$Y = profit = \alpha_0 + \beta_3 SIM + \epsilon_i \dots \dots 3$$

$$Y = ROA = \alpha_0 + \beta_3 SIM + \epsilon_i \dots \dots 4$$

Where Y= Performance

α_0 = Constant term of the model

ϵ_i =Error term for each observation

SIO= innovative behavior for business owner

SIM= innovative behavior for business manager

β_3 = Beta coefficient for innovative behavior

4.7.2.1 Influence of innovative behavior for both business owner and operation manager on profit.

Table 4. 32: Model summary for objective three: innovative behavior on profit

Model	Business Position	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Owner	.980 ^b	.960	.959	.158
Model	Manager	.886 ^b	.843	.840	.225

a. Predictors: (Constant), Idea implementation, Idea generation

b. Dependent Variable: profit

The value of correlation (R value) is 0.960 on business manager's side, as seen in the Table 4.35 above. Independent factor (innovation), can account for 96% of the variance in the dependent variable (profit). However, this analysis leaves 4 percent of it unexplained. That is, innovation influences the profit by 96 percent, whereas the remaining percent is due to the contribution of other factors not considered in this study. Furthermore on the managers side, the regression analysis output in table 4.35 indicates that R square=0.843 (84.3%) which shows the difference in the dependent

variable in all of the independent variables for this study. Although, the rest of the variation 0.157 (15.7%) is explained by other factors not studied in this research.

Table 4. 33: ANOVA Test for objective three: innovative behavior on profit

Model	Business Position	Sum of Squares	df	Mean Square	F	Sig.
Regression	Owner	59.302	2	29.651	81.339	.000 ^c
Residual		2.485	99	.025		
Total		61.786	101			
Regression	Manager	20.197	2	10.099	75.853	.000 ^c
Residual		38.671	99	.391		
Total		58.868	101			

a. Dependent Variable: profit

b. Predictors: (Constant), Idea implementation, Idea generation

Additionally, ANOVA results from business owners show that both variables (idea generation and idea implementation) were good predictors of performance (profit). As shown in Table 4.36, it showed that collectively all variables had a significant influence on the Return on profit of small and medium agro-dealers firms ($F = 81.339$, $P < 0.000$). The analysis variance summary (ANOVA) on operation managers, on the other hand, shows that the F statistic is at 75.853 (76 %) at a significant level of.000. This demonstrates the statistically significant relationship between the variables in the set.

Table 4. 34: Relationship between innovative behavior and profit

Model	Business Position	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		.015	.071		.208	.836
Idea generation	Owner	.073	.051	.049	11.441	.003
Idea implementation		.897	.033	.939	27.369	.000
(Constant)		.773	.226		3.413	.067
Idea generation	Manager	.120	.086	.132	1.989	.004
Idea implementation		.497	.094	.506	5.310	.000

a. Dependent Variable: profit

$$Y = \alpha_0 + \beta_1 \text{ Generation} + \beta_2 \text{ Implementation} + \epsilon_i \dots\dots\dots 1$$

$$\text{Profit} = 0.015 + 0.073 \text{ Generation} + 0.897 \text{ Implementation}$$

$$Y = \alpha_0 + \beta_1 \text{ Generation} + \beta_2 \text{ Implementation} + \epsilon_i \dots\dots\dots 2$$

$$\text{Profit} = 0.773 + 0.120 \text{ Generation} + 0.497 \text{ Implementation}$$

Additionally, according to the regression analysis output as established in Table 4.37, taking all independent variables (idea generation and idea implementation) have inversely on SMEs performance. This therefore implies that the two independent variables have positive significant on profit. This explain that all variables have influence on profit, and p value is less than 0.05. Innovation has long been recognized as an important strategy in the organization’s success, whether it is an established or the new one (e.g. Ireland & Webb, 2007; Nimalathasan, 2018). Also, these findings are supported by Kijkasiwat, (2020) on his study which was done in Ghana, innovation has a huge positive impact on the success of small and medium enterprises.

4.7.2.1.1 Idea Generation and profit

Result has indicated that there is a positive relationship between owners and operation manager’s idea generation on firm profit with coefficient values of ($\beta=.049$, $p=.003$), ($\beta=.132$, $p=.004$) respectively, and p-value is less than the alpha value 0.05. It can be explained by every one unit increase in individual judgment will lead to .049 and .132 units increase in profit. This findings, implies that idea generation for both business managers and owners have influence on SME’s profit, though operation managers has greater influence than the owners. However, any business starts as idea then later the ideas are manifested. Therefore, any implementation depends much on the idea(s). The study further reveal that the tendency of owners to engage in new ideas, novelty, experimentation and creative processes result in new products services or technological process has great influence on the performance of SMEs. According to Standing and Kiniti, (2011) stated that SMEs with an innovative nature perform significantly better in business than those who do not. Thus, emphasis is placed on ensuring that SMEs innovation initiatives improve various aspects of SMEs business strategies required for firm growth. Meanwhile, innovation activities should increase a firm's production capabilities so that it can greatly improve firm service or products in terms of their behaviors. But

Mbizi, (2013) and Ngungi, (2013) concluded that a manager's ability to generate and implement ideas within the work context helps to enhance an organization's innovative ability and results. It can be concluded that firms which invest more in their human resources produce more innovation outputs and thus generate more profits.

4.7.2.1.2 Idea Implementation and profit

Moreover, the results on table 4.37 show that both business owners and managers' innovation on idea implementation has a positive significant relationship on profit with a coefficient values of and ($\beta=.939$, $p=.000$) and ($\beta= .506$, $p=.000$) respectively, held others variables constant because the P-value is smaller than the alpha value 0.05. It can be explained by every one unit increase will lead to 0.939 and 0.506 values on profit. This findings, implies that idea implementation for both business managers and owners have influence on SME's profit, but business owner has greater influence than managers. Mahendra, (2015) shares the same view that a business that has an access on innovation has a greater chance of improving its performance and overall competitiveness, for instance the introduction of new product/service and other business processes.

Also, Adisa *et al.*, (2016) claim that "entrepreneurial behaviors like innovativeness can range from a desire to try a new product line or experiment with a new advertising medium, to a focused effort to grasp the latest products or technology developments." But Frederick, (2013) arguing that the ability of a company to innovate has a favorable and significant impact on the growth of SMEs. Thus, in a competitive market, innovation culture has been proclaimed as a per-requisite for improving organizational, marketing, and management entrepreneurship. As a result, firms must engage in more inventive marketing activities in order to implement effective plans.

4.7.2.2 Influence of innovative behavior for both business owner and operation manager on ROA

Table 4. 35: Model summary for objective three: innovative behavior on profit

Model	Business Position	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	Owner	.851 ^b	.764	.755	.688	.417
	Manager	.745 ^b	.697	.663	.623	.581

a. Predictors: (Constant), Idea implementation, Idea generation

b. Dependent Variable: ROA

Multiple regressions were used to determine the influence of innovative behavior on the Return on Asset (ROA) of small and medium agricultural inputs and distributors firms. According to the results in table 4.38, when business owners innovate, they can account for R square.764 (76.4 %) of the variance in the dependent variable (ROA). The remaining of the variation (43.6 =43.6 %) is explained by other factors not investigated in this study. Furthermore, on the manager side the regression analysis output in table 4.38 shows that R square=.697 (69.7%), indicating that 30.3% of the difference in the ROA in all of the independent variables for this study.

Table 4. 36: ANOVA Test for objective three: innovative behavior on ROA

Model	Business Manager	Sum of Squares	df	Mean Square	F	Sig.
Regression	Owner	30.499	2	15.249	64.006	.000 ^c
Residual		23.587	99	.238		
Total		54.086	101			
Regression		16.217	2	8.108	50.917	.000 ^c
Residual	Manager	38.376	99	.388		
Total		54.593	101			

a. Dependent Variable: ROA

b. Predictors: (Constant), Idea implementation, Idea generation

Further, ANOVA results show that, the influence of business owner's innovation on the dependent variable (performance - ROA) was statistically significant because the p-value (Sig 0.000) is smaller than the alpha value 0.05 and the model is fit (F=64%). However, the analysis variance summary (ANOVA) on managers innovation,

indicate that the F statistic is at 50.917 which is 60% at a significant level of .000 as indicated in Table 4.39.

Table 4. 37: Relationship between innovative behavior and ROA

Model	Business Position	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		.093	.218		.425	.672
Idea generation	Owner	.390	.157	.281	2.488	.002
Idea implementation		.451	.101	.505	4.469	.000
(Constant)		.134	.303		.441	.660
Idea generation		.607	.142	.425	4.279	.000
Idea implementation	Manager	.174	.094	.184	1.854	.067

a. Dependent Variable: ROA

$$Y = \alpha_0 + \beta_3 \text{ Generation} + \beta_3 \text{ Implementation} + \epsilon_i \dots \dots \dots 3$$

$$\text{ROA} = 0.093 + 0.281 \text{ Generation} + 0.505 \text{ Implementation}$$

$$Y = \alpha_0 + \beta_3 \text{ Generation} + \beta_3 \text{ Implementation} + \epsilon_i \dots \dots \dots 4$$

$$\text{ROA} = 0.134 + 0.425 \text{ Generation} + 0.184 \text{ Implementation}$$

According to Table 4.40, on owners side idea generation and idea implementation was found to positive significant on influence performance with $\beta=.281$, $p=.002$ and $\beta=.505$, $p=.000$, while on the other hand operation managers idea generation was found significant $\beta=.425$, $p=.000$ means has the influence on ROA but idea implementation was insignificant with $\beta=.184$, $p=.067$.

4.7.2.2.1 Idea Generation and ROA

Besides, taking innovation as an independent variable (idea generation) has an inverse influence on SMEs performance (ROA) for both owners and managers with coefficient values of $\beta=.281$, $p=.002$) and $\beta=.425$, $p=.000$) respectively, according to the regression analysis output for business owners as established in Table 4.40, shows all other variables are held constant and the p value is less than 0.05, this

implies that idea generation were found to be significant with a positive influence on business performance (ROA). These findings indicate that owner and manager they create new ideas in order to be competitive on the market, where entrepreneurs rely on others business ideas, innovative behavior is lost. Loss of innovative behavior results to creation of similar business activities. Likewise, innovation is considered central in the entrepreneur's business behavior. Other researchers like (Bouazza *et al.*, 2015; Yang, 2015) state that the ability of SMEs to grow depends largely on innovation and qualification of business owners and managers. Also, idea generation brings something new into existence through imaginative skills (Griffin and Ebert, 2019). The importance of innovation is that it brings change in managerial, market activities, hence increase performance of an organization as well as long time survival.

4.7.2.2.2 Idea Implementation and ROA

The regression results on the managers' side in Table 4.40 show that the independent variable idea implementation was found insignificant values on the dependent variable (SMEs performance - ROA) with coefficient values of ($\beta=.184$, $p=.067$), when other variables are held constant, and its P-value is more than 0.05, while on business owners idea implementation has significant values on ROA with coefficient value of $\beta=.505$, $p=.000$ when other variables are held constant and its P-value is less than 0.05. These findings imply that business owner idea implementation has influence on ROA while managers there is no that influence. Some-time managers endorse ideas coming from top-level management and sell their value creating potential to main implementer, the owners. Refining relates to how these owners' attempt to connect the organization's strategy, resources, and political structure with entrepreneurial opportunities the organization has as indicated by Bartlett and Ghoshal, (2007). Entrepreneur's innovative behavior enables the entrepreneurs to exploit changes in different business or service. Studies from the literature on SMEs, state that firms require an effort to innovate in order to succeed and thrive in business (Zoysa and Herath, 2017; Lee and Tsang, 2011).

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The current study sought to investigate the influence of entrepreneurial behavior on the performance of SMEs in the Arusha District. Cross sectional study was used with the quantitative approach. A study sample of 204 SMEs owners and managers was chosen using a probability sampling technique. This study relied on primary source with questionnaires serving as the primary instruments. Statistical Package for Social Science (SPSS) Version 21 was used to analyze quantitative data, which was then presented in the form of frequency, percentages, descriptive, inferential and tables.

5.2 Summary of the findings

The overall goal of this research was to assess the influence of entrepreneurial behavior on small and medium enterprise (SME'S) performance, specifically on: the influence of self-learning on business performance, influence of self-efficacy on business performance and the influence of innovative behavior on business performance.

5.2.1 Entrepreneurial behaviors on SME's performance

The regression results revealed that the entrepreneurial behaviors had a positive influence on the performance of SMEs. According to the study findings, entrepreneurs must react more sharply to the moves of their competitors and devise strategies to maintain and increase their market share and thus profit. Furthermore, entrepreneurs must avoid imitation of their service/product, which means that they must develop and create new sophisticated ideas that will be difficult to imitate by incorporating unique features in all aspects of the service or product business.

5.2.2 The influence of self-learning on SME's performance

Findings from both groups (managers and owners) self-learning were significant and positively influenced business performance. One notably difference was that the path coefficient for the owner's knowledge was almost thrice the path coefficient for the managers knowledge, which implies that owner's knowledge has greater contribution to business performance than the manager. Hence, there were differences in how self- learning influence business performance between the business owner's and

operation managers. These results show that, it takes into account the fact that entrepreneurial self-learning can prompt entrepreneur's confidence in coping with entrepreneurial tasks and stimulate firm to create a better performance. Therefore, entrepreneurial self-learning can be viewed as a long investment on individuals' entrepreneurial self-efficacy and firm performance though many of the respondents does not practice self-learning. Yousaf *et al.*, (2021) argue that individuals who receive entrepreneurial education or who practicing self-learning will be more confident to identify opportunities, allocate resources, and even conduct an enterprise. Also, much importance should be attached to entrepreneurial self-learning in order to prompt business performance. Specifically, entrepreneurs should make full use of entrepreneurial learning channels to enhance their entrepreneurial competencies and achievements hence performance.

5.2.3 The influence of self-efficacy on SME's performance

Research evidence revealed that self-efficacy had influence and positive relationship with business performance. This study found out that most of the business owners and operation managers of small and medium enterprises had self-efficacy, so the researcher recommended improving that behavior efficiently. It will lead to the success of the firm. Research results suggest that if an entrepreneur has a high sense of self-efficacy, he or she will have higher entrepreneurial success. Individuals with higher entrepreneurial self-efficacy are more confident in their ability to run their own business with high performance. When people motivated, encouraged, supported, and directed to become an entrepreneur and run their own business, their self-efficacy becomes high, and their desire to attain goals, even under hard obstacles, increases. Self-efficacy also affects employees' level of effort and persistence when learning difficult tasks. Managerial and organizational implications of self-efficacy in the business include hiring and promotion decisions, training and development and goal setting. Erikson, (2002) concluded that the behaviors of the entrepreneur are central to the determinants of SME performance.

5.2.4 The influence of innovative behaviors on SME's performance

The results of the study illustrate that entrepreneurial innovative behavior gives the role of business performance, the higher the innovation that small and medium business owners will cause the higher business performance, as for high to low

innovation is determined by the behavior of the entrepreneur. So the entrepreneurial innovative behaviors have influence on business performance. Increasingly strong entrepreneurial behavior will cause the higher innovation of the owner, which will ultimately lead to higher business performance. According to this findings, SMEs need to invest in developing the individual creativity of their management team, at least to some extent, given that a manager's innovative behavior is related to the level of innovation output. Finally, it must be emphasized that to have a truly innovative process, managers must transform their innovative behavior and commitment into real products and services to obtain the desired business results.

5.3 Conclusions

The primary goal of this research was to assess the influence of entrepreneurial behavior on the performance of SMEs. Entrepreneurs must exhibit successful quality behaviors to run SMEs to prosperity. Entrepreneurial behaviors were operationalized as self-learning, self-efficacy, and innovative behavior to determine the influence of entrepreneurial behavior on SMEs performance in the Arusha district. Evidence from research indicates that entrepreneurial behavior has an impact on the performance of small and medium-sized businesses. According to research, entrepreneurial behavior (self-learning, self-efficacy and innovative behavior) has an impact on SME success. As a result, the researcher advises those behaviors to be improved as quickly and efficiently as possible. It will lead to the firm's growth.

Finally, the current research reveals that several personal traits influence entrepreneurial performance. Although relevant, it should be highlighted that the entrepreneurial behaviors assessed in this study were limited and that other variables may be included. It should be emphasized that the performance of a SME is a continuous process that must be analyzed throughout time as a dynamic rather than a static process. Furthermore, the majority of the literature is based on cross-sectional studies, which only capture a static dimension. As a result, a longitudinal perspective could provide a unique perspective on the significance of various explanatory variables. In fact, some of these prospects for growth can be strongly influenced by national and local political agendas. Furthermore, given that the majority of these businesses are heavily reliant on domestic customer demand.

5.4 Study Recommendations

5.4.1 Recommendation for entrepreneurs

Based on the field evidence, it was recommended that entrepreneurs must be motivated to improve their entrepreneurial spirit, which should begin at a young age. This will encourage the growth of capable individuals who have mastered the art of entrepreneurship. For example, entrepreneurship skills should be made mandatory for all students in schools if the government is to reap long-term benefits from successful SME growth.

5.4.2 Theoretical Recommendations

The development of theoretical approaches and constructs that can be empirically measured in a way that allows for the determination of causality between psychological traits and entrepreneurial outcomes presents significant opportunities and challenges for research on psychological entrepreneurial traits. It's not always obvious if people with a certain set of personality qualities are predisposed to entrepreneurship or whether they develop the traits endogenously after becoming entrepreneurs. The increasing availability of detailed longitudinal data on demographic characteristics of entrepreneurs, including their human and financial capital endowments, as well as their human and financial capital endowments, as well as their human and financial capital endowments, as well as their human and financial capital endow. In studies of entrepreneurial qualities, focusing on entrepreneurial contexts (regions and ecosystems) allows researchers to reduce both heterogeneity and endogeneity. This will necessitate the creation of theoretical constructs and measuring procedures that are aligned with thorough longitudinal coverage of people, but the task appears to be doable. As a result, I urge that an entrepreneur's psychological and personal attributes be measured in order to acquire extensive and exogenous personality diversity, but significant progress can be made with merely pre-determined traits.

5.4.3 Methodological Recommendations

The difficulty to distinguish between an assumed cause and its possible consequence has been demonstrated using a cross-sectional technique. Two concepts may well correlate significantly, but it does not entail that one causes the other. At the very least, one must demonstrate that the cause predates the result in time. As a result, I

suggest cross-sectional research, in which investigators might create explanatory regression models or diagnostic prediction models. Variables with a scientifically meaningful and statistically significant association with an outcome are discovered in an explanatory model. Multiple predictors are used in a diagnostic model to evaluate the likelihood that a given condition is present at the time the moment of prediction.

5.4.4 Policy Recommendations

There is a need to formulate policies which will encourage more women to participate in SMEs businesses because through these businesses they may generate more income and thus solve the problem of unemployment. This is due to the fact that in this study only 30.4 percent of women were engaged in SMEs business.

The pro government's policies toward agro-dealers that can be done by improving the business climate or environment in which can improve the entrepreneurial behaviors of agro-dealers.

There is a need to put in place specific emphasis on promotion of SMEs through the following measures: supporting existing and new SMEs, review of tax regime to ensure 60 tax simplification, simplification of licensing procedures and registration of SMEs, implementing a programme on 'Business Environment Strengthening for Tanzania (BEST) and to implement the business competition policy.

5.5 Suggestions for further Studies

The study only focused on SMES in the region of Arusha. Therefore, to get the results more widely, further research could develop a research location in some areas. Similar research can be conducted in other regions or countries to find out the effect of cultural differences. Also in order to be in a position to conclude if self-learning, self-efficacy and innovative behavior have the same effect on small business performance throughout the country.

Also, researcher suggest further research on using a longitudinal study perspective on various explanatory variables.

Future research should therefore include both quantitative and qualitative data in the study in order to obtain a more complete overview of the relationships evaluated in

this research. The current questionnaires used have no qualitative data. Interviews with managers and owners of the companies included in the sample would have improved the quality of the study by giving a better understanding of the antecedents and consequences of their behaviors and attitudes.

There is also need for a study to be done on measures to be taken to improve entrepreneurs' interpersonal behaviors

Investigating the relationship between agro-dealers SMEs and the educational backgrounds of those who operate them, develop and grow.

REFERENCES

- Achyar, D. M., Nasir, D., & Musnadi, S. (2020). The Effect of Skill, Self- Evaluation and Locus of Control on Employee Performance with Self Efficacy as a Mediation Study in PT. Angkasa Pura II SIM Airport Office. *International Journal of Scientific and Management Research*, 3(2), 192–206.
- Adisa, M. K., Adeoye, A. O., & Okunbanjo, O. I. (2016). The impact of entrepreneurship orientation on entrepreneurs compensation in Nigeria. *International Journal of Economics, Business and Management Studies*, 3(3), 102–116.
- Ahmad, H. (2010). Personality Traits among Entrepreneurial and Professional CEOs in SMEs. *International Journal of Business and Management*, 5(9), 203–213.
- Argidius Foundation. (2017). *The entrepreneurship and enterprise growth landscape in Tanzania*. Dar es Salaam: Enabling Outcomes Ltd.
- Asah, F., Fatoki, O. O., & Rungani, E. (2015). The impact of motivations, personal values and management skills on the performance of SMEs in South Africa. *African Journal of Economic and Management Studies*, 6(3), 308–322.
- Bajwa, S. U., Shahzad, K., & Aslam, H. (2017). “Exploring Big Five personality traits and gender as predictors of entrepreneurs’ cognitive adaptability,.” *Journal of Modelling in Management*, 12(1), 143–161.
- Bandura, A. (1986). *Social Foundations of Thought and Action. A Social Cognitive Theory*. Englewood Cliffs: Prentice-Hall.
- Bandura, A. (1997). *Self-Efficacy: The Exercise of Control*. New York: Freedom and Company.
- Baporikar, N., Nambira, G., & Gomxos, G. (2016). Exploring factors hindering SMEs’ growth: evidence from Namibia. *Journal of Science and Technology Policy Management*, 7(2), 190–211.

- Baragwiha, F. (2013). *The Role of Small and Medium Enterprises (SMEs) in Economic Growth and Poverty Reduction in Temeke Municipal Council (Doctoral dissertation)*. Mzumbe university.
- Baron, R. A. (2007). Behavioral and cognitive factors in entrepreneurship: Entrepreneurs as the active element in new venture creation. *Strategic Entrepreneurship Journal*, 1(112), 167–182.
- Baumgartner, H., Pieters, R., & Bagozzi, R. P. (2008). Future-oriented emotions: conceptualization and behavioral effects. *European Journal of Social Psychology*, 38(4), 685–696.
- Bouazza, A. B., Ardjouman, D., & Abada, O. (2015). Establishing the factors affecting the growth of small and medium-sized enterprises in Algeria. *American International Journal of Social Science*, 4(2), 101–115.
- Boyatzis, R. E. (1982). *The competent manager: A model for effective performance*. New Jersey: John Wiley & Sons.
- Bryman, A., & Bell, E. (2007). *Research Designs in Business Research Methods*.
- Burns, P. (2005). *Corporate Entrepreneurship: Building an Entrepreneurial Organization*. New York: Macmillan.
- Carland Jr, J. W., & Carland, J. C. (1997). Entrepreneurship: an American dream. *Journal of Business and Entrepreneurship*, 9(1), 33.
- Carmeli, A., Meitar, R., & Weisberg, J. (2006). Self-leadership skills and innovative behavior at work. *International Journal of Manpower*, 27(1), 75–90.
- Chell, E. (2018). *The Entrepreneurial Personality: A Social Construction* (2nd ed.). East Sussex: Routledge.
- Cherian, J., & Jacob, J. (2013). Impact of Self Efficacy on Motivation and Performance of Employees. *International Journal of Business and Management*, 8(14). <https://doi.org/10.5539/ijbm.v8n14p80>

- Cooney, T. M. (2012). *Entrepreneurship skills for growth-orientated businesses. In Report for the Workshop on 'Skills Development for SMEs and Entrepreneurship*. Copenhagen: Danish Business Authority.
- Cooper, D. R., & Schindler, P. S. (2008). *Marketing research*. U.S.A: McGraw-Hill Companies, Inc.
- Cope, J. (2015). Toward a dynamic learning perspective of entrepreneurship. *Entrepr. Theory Pract.*, 29, 373–397.
- Danso, A., Adomako, S., Damoah, J. O., & Uddin, M. (2016). Risk-taking propensity, managerial network ties and firm performance in an emerging economy. *The Journal of Entrepreneurship*, 25(2), 155–183.
- Dollinger, M. (1995). *Entrepreneurship: Strategies and Resources*. Irwin: Illinois.
- European commission joint research center report. (2009). *Measuring EU performance on the small businesses principles- methodology*. Italy: Ispra.
- Fatoki, O. (2014). The financial literacy of micro entrepreneurs in South Africa. *Journal of Social Sciences*, 40(2), 151–158.
- Fernández-Vázquez, J. S., & Álvarez-Delgado, R. C. (2020). Persuasive strategies in the SME entrepreneurial pitch: Functional and discursive considerations. *Economic Research-Ekonomska Istraživanja*, 33(1), 2342–2359.
- Gibbons, M. (2012). *The self-directed learning handbook: Challenging adolescent students to excel*. New York: John Wiley & Sons.
- Gorodutse, A. H., & Hilman, H. (2019). Testing the effect of business-level strategy on performance of hotels. *Global Business Review*, 20(5), 1141–1154.
- Guth, W. D., & Ginsberg, A. (1990). Guest editors' introduction: Corporate entrepreneurship. *Strategic Management Journal*, 11, 5–15.
- Haryono, S., & Wardoyo, P. (2012). *Structural equation modeling*. Bekasi: PT Intermedia Personalia Utama.

- Holt, H. D. (1992). *Entrepreneurship: New Venture Creation*. New Delhi: Prentice-Hall.
- Isaga, N. (2012). *Entrepreneurship and the growth of SMEs in the furniture industry in Tanzania (Doctoral dissertation)*. Amsterdam: Vrije Universiteit.
- Janssen, O. (2000). Job demands, perceptions of effort-reward fairness and innovative work behaviour. *Journal of Occupational and Organizational Psychology*, 73(3), 287–302.
- John, E., Mwakalobo, A. B., & Bengesi, K. M. (2021). The influence of social competence on performance of small and medium enterprises . *Journal of Co-Operative and Business Studies*, 6(1), 129–142.
- Kaur, H., & Bains, A. (2013). Understanding the concept of entrepreneur competency. *Journal of Business Management & Social Sciences Research*, 2(11), .. 2(11), 31–33.
- Keskin, E. (2020). Relationships among self-efficacy, job resourcefulness and job performance of hotel cooks in Cappadocia. *Journal of Multidisciplinary Academic Tourism*, 5(1), 17–27.
- Kijkasiwat, P., & Phuensane, P. (2020). Innovation and firm performance: The moderating and mediating roles of firm size and small and medium enterprise finance. *Journal of Risk and Financial Management*, 13(5), 97.
- Kombo, I. S., & Malengo, F. A. (2015). The Impact of Small Scale Trade on Poverty Alleviation to Traders' Households in Micheweni District in Zanzibar; *The International Journal of Social Sciences and Humanities Invention*, 2(1).
- Kotane, I., & Kuzmina-Merlino, I. (2017). Analysis of Small and Medium Sized Enterprises' Business Performance Evaluation Practice at Transportation and Storage Services Sector in Latvia. *Procedia Engineering*, 178, 182–191. <https://doi.org/10.1016/j.proeng.2017.01.093>

- Kothari, C. R. (2006). *Methods and Techniques*. New Delhi: New Age International (P) Ltd Publishers.
- Kotler, P., & Keller, K. L. (2007). *Marketing Management*. Praha: Grada Publishing.
- Kuratko, D. F., & Hodgetts, M. R. (2001). *Entrepreneurship: A Contemporary Approach*. Orlando: The Dryden Press, Harcourt Brace College Publishers.
- Kuzilwa, J. A. (2005). The role of credit for small business success: A study of the National Entrepreneurship Development Fund in Tanzania. *The Journal of Entrepreneurship*, 14(2), 131–161.
- Lee, D. Y., & Tsang, E. W. K. (2011). The Effect of Entrepreneurial Personality, Background and Network Activities on Venture Growth. *Journal of Management Studies*, 38(4), 583–602.
- Lim, S., Ribeiro, D., & Lee, S. M. (2008). Factors affecting the performance of entrepreneurial service firms. *The Service Industries Journal*, 28(7), 1003–1013.
- Littunen, H. (2000). Entrepreneurship and the characteristics of the entrepreneurial personality. *International Journal of Entrepreneurial Behavior & Research*., 6(6), 295–310.
- Lizzy, J. M., & Qian, C. (2020). *Examining Challenges Facing SMEs Businesses in Dar Es Salaam Tanzania*. Zhejiang University of Science and Technology.
- Man, T., Lau, T., & Chan, K. F. (2002). The competitiveness of small and medium enterprises. a conceptualisation with focus on entrepreneurial competencies. *Journal of Business Venturing*, 17(2), 123–142.
- Mashenene, R. G., & Rumanyika, J. (2014). Business constraints and potential growth of small and medium enterprises in Tanzania: A review. *European Journal of Business and Management*, 6(32), 72–79.

- Mashindano, O. (2019). *Growth and Poverty Reduction in Tanzania: Why such a Mismatch?* (No. Policy Brief Series No.1 2).
- McGee, J. E., & Peterson, M. (2019). The long-term impact of entrepreneurial self-efficacy and entrepreneurial orientation on venture performance. *Journal of Small Business Management*, 57(3), 720–737.
- Mcleod, S. A. (2011). *Bandura Social Learning Theory*.
- Minniti, M., & Bygrave, W. (2011). A dynamic model of entrepreneurial learning. *Entrepreneurship Theory and Practice*, 25(3), 5–16.
- Muriithi, S. M. (2017). African small and medium enterprises (SMEs) contributions, challenges and solutions. *European Journal of Research and Reflection in Management Sciences*, V(1), 36–48.
- Newman, A., Obschonka, M., Schwarz, S., Cohen, M., & Nielsen, I. (2019). Entrepreneurial self-efficacy: A systematic review of the literature on its theoretical foundations, measurement, antecedents, and outcomes, and an agenda for future research. *Journal of Vocational Behavior*, 110, 403–419.
- Nimalathasan, B. (2008). A relationship between owner-manager's characteristic and business performance. *LESIJ-Lex ET Scientia International Journal*, 15(1), 61–68.
- Oldham, G. R., & Cummings, A. (2016). Employee creativity: Personal and contextual factors at work. *Academy of Management Journal*, 39(3), 607–634.
- Ormrod, G., & Jeanne E. (2006). *Educational Psychology: Developing Learning* (5th editio). Ohio: Pearson.
- Politis, D. (2015). The process of entrepreneurial learning: A conceptual framework. *Entrepreneurship Theory and Practice*, 29(4), 29(4), 399–424.

- Pradhan, S., & Jena, L. K. (2019). Does Meaningful Work Explains the Relationship Between Transformational Leadership and Innovative Work Behaviour? *The Journal for Decision Makers*, 44(1), 30–40.
- Rankhumise, E. M., & Rugimbana, R. O. (2010). Micro enterprise owner perspectives on performance: Insights from selected municipalities in Mpumalanga Province, South Africa. *African Journal of Business Management*, 4(16), 3500–3507.
- Salami, A., Kamara, A, B., & Brixiova, Z. (2010). *Smallholder agriculture in East Africa: trends, constraints and opportunities* (No. 105). Tunis, Tunisia.
- Sembinging, R. (2016). Impact of human resources' knowledge and skills on SMEs' in Medan City, Indonesia. *International Journal of Management, Economics and Social Sciences*, 5(3).
- Shenura, S., Haile, A., & Negash, E. (2016). Prospects of Entrepreneurial Competencies of Micro and Small Enterprise in Jimma Zone, Ethiopia. *Global Journal of Management And Business Research.*, 16(2).
- Shepherd, D. A., & Krueger, N. (2002). Cognition, entrepreneurship & teams: An intentions-based perspective. *Entrepreneurship Theory & Practice*, 27(2), 167–185.
- Simpeh, K. N. (2011). Entrepreneurship theories and Empirical research: A Summary Review of the Literature. *European Journal of Business and Management*, 3(6), 1–8.
- Sitharam, S., & Hoque, M. (2016). Factors affecting the performance of small and medium enterprises in KwaZulu-Natal, South Africa. *Problems and Perspectives in Management*, 14(2), 277–288.
- Suryani, I., Armia, S., Halimatussakdiah, H., Mahdani, M., Zuhra, S. E., & Nasir, N. (2019). How Intrinsic Motivation and Innovative Work Behavior Affect Job Performance. *Proceedings of the 1st Aceh Global Conference (AGC 2018)*, 606–612. <https://doi.org/10.2991/agc-18.2019.91>

- Susan, V. C., Belverd, E. N., Belverd, E. N., & Powers, N. (2008). *Principles of accounting*. Boston: Houghton Mifflin.
- Taboli, H., & Zaerizadeh, M. (2016). Examine the effect of individual creativity on job performance with the mediating role of ethical leadership of headquarters staff of Hormozgan University of Medical Sciences. *International Business Management, 10*(8), 1427–1433.
- Taherdoost, H. (2017). Validity and reliability of the research instrument; How to test the validation of a questionnaire/survey in a research. *International Journal of Academic Research in Management, 5*(3), 234–356.
- The United Republic of Tanzania. (2002). *Small and Medium Enterprises Development Policy*. Dar –es salaam, Tanzania: Ministry of Industries and Trade,.
- The United Republic of Tanzania. (2003). *Business survey Tanzania, Ministry of Finance and Economic Affairs,*. Dar es Salaam: National Bureau of Statistics.
- Tocher, N. (2007). *New Venture Success: The Role of Principal's Social Capital and Social Effectiveness (Doctorial Thesis)*. Auburn University.
- UK Essays. (2017). Current Status of SME Sector in Tanzania. UK Essays is a trading name of All Answers Ltd, a company registered in England and Wales. Retrieved from UK Essays website: <https://www.ukessays.com/essays/economics/current-status-of-sme-sector-in-tanzania-economics-essay.php?vref=1>
- UNACTAD. (2012). *Growing micro and small enterprises in LDCs, “The Missing Middle” in LDCs: Why micro and small enterprises are not growing*. Netherlands: UNACTAD.
- Van Scheers, L. (2011). SMEs marketing skills challenges in South Africa. *African Journal of Business Management, 5*(13), 5048–5056.

- Vrdoljak Raguz, I., Krželj Čolović, Z., & Milić Beran, I. (2015). The analysis of business performance in small and medium hospitality enterprises in the Republic of Croatia. *Zbornik Sveučilišta U Dubrovniku*, 2, 85–98.
- Westhead, P., Wright, M., & McElwee, G. (2011). *Entrepreneurship: Perspectives and Cases*. Essex: Pearson Education Ltd.
- Wijanto, S. H. (2018). *Structural Equation Modelling using Lisrel 8.30*.,. Yogyakarta: Atma Jaya University Press.
- Wood, R., & Bandura, A. (1989). Impact of conceptions of ability on self-regulatory mechanisms and complex decision making. *Journal of Personality and Social Psychology*, 56(3), 407.
- Yan, J. (2010). The impact of entrepreneurial personality traits on perception of new venture opportunity. *New England Journal of Entrepreneurship*., 13(2), 21–35.
- Yates, D. S., Moore, D. S., & Tarnes, D. S. (2008). *The practice of statistics* (3rd Ed). Freeman.: Shiela Marie Trinidad.
- Yousaf, U., Ali, S. A., Ahmed, M., Usman, B., & Sameer, I. (2021). From entrepreneurial education to entrepreneurial intention: a sequential mediation of self-efficacy and entrepreneurial attitude. *International Journal of Innovation Science*., 13(3), 364–380.
- Zahra, S. A. (2011). Entrepreneurial capability: Opportunity pursuit and game changing. *Entrepreneurship and Innovation*, 15–17.
- Zimmerer, T., & Scarborough, N. (1996). *Entrepreneurship and the New Venture Formation*. New Jersey: Prentice Hall.
- Zoysa, A. D., & Herath, S. K. (2017). The impact of owner/managers' mentality on financial performance of SMEs in Japan: An empirical investigation. *Journal of Management Development*, 26(7), 652–666.

APPENDIX

Appendix I: Questionnaires for Respondent

Dear respondent, my name is Pendo Benni Masunga, year 2 MBA student from the University Of Dodoma (UDOM). I'm asking you to take part in this study by answering a few questions; the information you provide will be kept strictly confidential and used solely for academic purposes.

PART A: General information of Respondents

Name of the enterprise.....

Phone number.....

Firm location.....

District Name.....

Division.....

Ward.....

Street/village.....

Respondent sex.....

Interviewer name.....

PART B: Business Owner/ manager's information

Kindly circle the most appropriate answer

Please indicate your current position in the business 1. Owner 2. Manager

How old are you? _____(in years)

Gender 1. Male 2. Female

Marital Status 1. Single 2. Married 3. Separated 4. Divorced 5. Widowed 6. Cohabit
7. Others (specify)

Highest education level attained

(a) No formal education (b) Primary Education (c) Secondary level (d) Certificate (e)
Diploma (f) Graduate

PART C: Business's Information

Year of establishment/ acquisition.....

Type of ownership 1. Sole proprietorship 2. Partnership 3. Company 4. Other (specify)

Current number of fulltime employees.....

PART 2: Self-learning					
Show the degree to which you believe each statement mentioned represents your opinion/value by circling the number that corresponds to your opinion on each item on the scale below.					
2.1 Skills					
	Strongly disagree	Disagree	Neither agree Nor disagree	Agree	Strongly Agree
2.1.1 I have past experience with business management activities before starting my own business/working here	1	2	3	4	5
2.1.2 I have work experience before this business	1	2	3	4	5
2.1.3 I believe there is some sort of pattern or formula to becoming a successful entrepreneur	1	2	3	4	5
2.2 Abilities/ individual Development					
By circling the degree that corresponds to your opinion on each item on the scale below, you can show how strongly you believe each statement mentioned represents your					

opinion/value					
	Strongly Disagree	Disagree	Neither agree Nor disagree	Agree	Strongly Agree
2.2.1 My business success depends heavily upon me.	1	2	3	4	5
2.2.2 I have the ability to work in an interdisciplinary team	1	2	3	4	5
2.2.3 Other persons frequently ask for my advice about business issues	1	2	3	4	5
<p>2.3 Knowledge</p> <p>Show the degree to which you believe each statement mentioned represents your opinion/value by circling the number that corresponds to your opinion on each item on the scale below.</p>					
	Strongly Disagree	Disagree	Neither agree Nor disagree	Agree	Strongly Agree
2.3.1 I am willing to leave time to study	1	2	3	4	5
2.3.2 I can take my time to study even though I am busy	1	2	3	4	5

PART 3: Self-efficacy

By circling the number that corresponds to your opinion on each item on the scale below, you can show the extent to which you believe each statement mentioned represents your opinion/value.

3.1 Task Accomplishment

	Strongly disagree	Disagree	Neither agree Nor disagree	Agree	Strongly Agree
3.1.1 When I make plans, I am confident that I will be able to carry them out.	1	2	3	4	5
3.1.2 I keep trying to achieve something important even though it's harder than I expected.	1	2	3	4	5
3.1.3 When I have an unpleasant task to do, I keep with it until it is completed.	1	2	3	4	5

3.2 Individual Judgment

Show the degree to which you believe each statement mentioned represents your opinion/value by circling the number that corresponds to your opinion on each item on the scale below.

	Strongly Disagree	Disagree	Neither agree Nor disagree	Agree	Strongly Agree
3.2.1 I will succeed in whatever things I choose to	1	2	3	4	5

do					
3.2.2 I am certain that I will achieve the goals that I set for myself	1	2	3	4	5
3.2.3 Even if those around me disagree, I normally trust my own judgment.	1	2	3	4	5
<p>3.3 Verbal persuasion</p> <p>Show the degree to which you believe each statement mentioned represents your opinion/value by circling the number that corresponds to your opinion on each item on the scale below.</p>					
	Strongly Disagree	Disagree	Neither agree Nor disagree	Agree	Strongly Agree
3.3.1 I have the ability to convince people who disagree with me.	1	2	3	4	5
3.3.2 I'm able to assess a concept's potential worth.	1	2	3	4	5
3.3.3 When I get along with others, I make an effort to interact with them on a regular basis.	1	2	3	4	5

PART 4: Innovative Behavior

Show how much you believe each statement represents your opinion/value by circling the number that corresponds to your opinion on each item on the scale below.

4.1: Idea generation

	Strong Disagree	Disagree	Neither agree Nor disagree	Agree	Strongly Agree
4.1.1 I develop new products and market opportunities	1	2	3	4	5
4.1.2 I often try to invent new uses for everyday objects	1	2	3	4	5
4.1.3 I believe that to become successful in business you must spend some time every day developing new ideas	1	2	3	4	5

By circling the degree that corresponds to your opinion on each item on the scale below, you can show how strongly you believe each statement mentioned represents your opinion/value

4.2: Idea implementation

	Strong Disagree	Disagree	Neither agree Nor disagree	Agree	Strongly Agree
4.2.1 I am aware that I am usually one of the last people in my group to accept something new	1	2	3	4	5
4.2.2 I tend to feel that the old way of living and doing things is the best way	1	2	3	4	5

5.0 Dependent Variable

5.1 Financial Performance

5.1.1 Indicate the average amount of sales in Tshs per month in the last three years.

	2018	2019	2020
Sales per month			

5.1.2 Indicate the average monthly cost (expenses) in Tshs per month in the last three years.

	2018	2019	2020
Cost per month			

5.1.3 Profit generated

Year	Total sales	Total cost	Profit
2018			
2019			
2020			

5.1.4 What is your average total asset regarding past three years?

2018	2019	2020

*****Thank you very much for your cooperation*****