



Entrepreneurial Risk-Taking Ability and Profitability in Selected Small and Medium Enterprises (SMEs) Anambra State, Nigeria

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ABSTRACT

This study looked into how some SMEs in Anambra State, Nigeria, fared financially in relation to their ability to take calculated risks as entrepreneurs. To investigate the relationship between SMEs in Anambra State and entrepreneurial risk-taking, a survey research design was used. One thousand, five hundred and four (1,504) owner/managers of SMEs operating in Anambra State who were registered with the Nigerian small and medium enterprises development agency made up the study's population. The owners and managers of the SMEs that were registered in Anambra State, Nigeria, were chosen for the study using a basic random sample technique. The research tool used was an organized set of questions. According to the study's findings, entrepreneurial risk-taking ability had a statistically significant effect on the profitability of a subset of SMEs in Anambra State, Nigeria. Thus, this research recommended that in order to ensure profitability, owner-managers must understand the need to take calculated risks.

Keywords: *Entrepreneurship, Risk-Taking Ability, Profitability, SMEs, Entrepreneurial Mindset*

Introduction

There is usually some uncertainty and risk involved when starting a new business, which the entrepreneur must successfully handle. A variety of factors, including the regulatory environment, the degree of market rivalry, and the availability of finance, might influence an entrepreneur's willingness to take risks. Therefore, the ability to take risks is a crucial quality for entrepreneurs as it enables them to spot and seize chances that others would pass up or think are too hazardous. However, productivity and success in entrepreneurship cannot be guaranteed by risk-taking prowess alone. The Nigerian Bureau of Statistics/Small and Medium Enterprise Development Agency of Nigeria (NBS/SMEDAN) 2017 National MSMEs collaborative study revealed that there are 41,543,028 MSMEs. The components are 41,469,947 micro enterprises (MEs) and 73,081 small and medium enterprises (SMEs). Together they offer a total employment contribution of 59,647,954 persons, including owners, (which is equal to 76.5 percent of national workforce), 49.78 percent of GDP and 7.64 percent of export receipts. Oyelaran (2010) revealed that SMEs contribute approximately 1% of the country's GDP compared to 40% in Asia and 50% in the USA.

A major challenge for SMEs is to constantly improve performance in the long term in this highly competitive environment. Several SMEs have been characterized by poor performance and shutdown before their fifth year anniversary (Anichebe & Agu, 2013). Another challenge faced by SMEs is bureaucratic bottle neck of various government agencies like Corporate affairs Commission (CAC), National Agency for Food and Drug administration (NAFDAC), Standard Organization of Nigeria (SON), National Drug Law Enforcement Agency (NDLEA), Federal Inland Revenue Services (FIRS) and Nigeria Customs Service. The SMEs do not only have the problem of competing with the international market, they are faced with local level market constraints due to macroeconomic instability such as higher inputs prices, poor infrastructure and high rate of taxes which has affected their market share (Amoah & Amoah, 2018). These and other challenges facing the SMEs have led to the high failure rate of SMEs which are impeding the full growth and development of the SMEs and affecting their success (Amoah & Amoah, 2018). The problem of low productivity of several manufacturing SMEs has been attributed to lack of innovativeness of these businesses. Ibekwe (2018) observed that most SMEs only focus on their profit objective and lose track of the changing customer demands in the business environment. Lack of innovativeness has made several products or services of some SMEs become obsolete.

Statement of the problem

The effectiveness of entrepreneurial risk taking that can translate to job creation to improve a nation's economy has therefore remained unclear (Eleonora, Giuliano, & Emilio, 2019). Even though, several studies (Duru, Ehidihamen & Chijioke, 2018; Bakar, Mamat, Ramlee, Sama & Karim, 2016; Yun & Joo-Heon, 2018) have examined risk taking by entrepreneurs in different dimensions, Duru, Ehidihamen and Chijioke (2018) investigated the role of entrepreneurial orientation in the performance of small and medium enterprises: evidence from Federal Capital Territory, Abuja, Nigeria but did not focus

on financial measures of performance in the area of profitability which this study is designed to accomplish. Non-financial performance metrics were also used in research by other authors (Khalid, Pairan & Jabar, 2018; Musawa & Ahmad, 2018; Neneh & van Zyl, 2017). Duru, Ehidihamhen and Chijioko (2018) Objective of the Study

The main objective of this study is to investigate the impact of entrepreneurial risk taking ability on profitability of selected SMEs in Anambra State, Nigeria.

Research Question

The study addressed the research question thus;

What impact does entrepreneurial risk taking ability have on the profitability of selected SMEs in Anambra State, Nigeria?

Hypothesis

The hypothesis below was tested in this study:

Entrepreneurial risk taking ability does not impact significantly on profitability of selected SMEs in Anambra State.

Literature Review

Concept of Profitability

Even though, several studies (Duru, Ehidihamhen & Chijioko, 2018; Bakar, Mamat, Ramlee, Sama & Karim, 2016; Yun & Joo-Heon, 2018) have examined risk taking by entrepreneurs in different dimensions. Duru, Ehidihamhen and Chijioko (2018) investigated the role of entrepreneurial orientation in the performance of small and medium enterprises: evidence from Federal Capital Territory, Abuja, Nigeria but did not focus on financial measures of performance in the area of profitability which this study is designed to accomplish. Similarly, other authors (Khalid, Pairan & Jabar, 2018; Musawa & Ahmad, 2018; Neneh & van Zyl, 2017) in their studies employed non-financial measures of performance. Duru, Ehidihamhen and Chijioko (2018) and Yoon, Kim and Dedahanov (2018) suggested that the gap should be filled. It is in view of this that this study intends to investigate the effect of entrepreneurial mindset dimensions on profitability of small and medium scale enterprises (SMEs) in Nigeria.

According to Birech, Karoney, and Alang'o (2018), there is a considerable correlation between the financial success of SMEs and the aspects of entrepreneurial orientation of innovation, proactiveness, and risk-taking. Research by Olu, Marius, Anca, and Florentina (2017) on the influence of innovation on entrepreneurial success showed a favorable correlation between innovation and a company's financial performance. Similar to this, Khalid, Pairan, and Jabar (2018) in Malaysia discovered four crucial elements of SMEs' entrepreneurial performance in overseeing open innovation initiatives within their company. The four factors that have been discovered are network, autonomy, proactivity, and taking risks. Furthermore, creative progressiveness was found to have an impact on nonfinancial business performance by Yun and Joo-Heon (2018). Second, neither the financial nor nonfinancial firm performance was impacted by the risk-taking tendency. Thirdly, entrepreneurship education had no connection with entrepreneurial orientation or business performance. In the same vein, Etim, Adabu, and Ogar (2017) found that the variables of entrepreneurial orientation (Innovation, risk taking and pro-activeness) have significant positive influence on SME's profitability and survival.

Wambugu, Gichira, and Wanjuang (2016) in a study of influence of entrepreneurial orientation on firm profitability performance of Kenya's agro processing small and medium, revealed that risk taking, business alertness and innovativeness had a positive and statistically significant influence on firm profitability. Similarly, Anlesinya, Eshun, and Bonuedi (2015) found a significant positive effect of proactiveness and risk-taking on profitability but no relationship between entrepreneurial innovativeness and profitability of micro enterprises that operate in the retail sector in Ghana. In the same vein, the study of Rubera and Kirca (2012) also observed that firm innovativeness affects financial position from the profitability context. Likewise, Gunday, Ulusoy, Kilic, and Alpkano (2011) on the impact of types of innovation on organization performance survey research design was employed and it revealed that organizational innovation was a strong driver of innovative performance. The study further established that innovative organizations achieve more with high innovativeness score for process, product and organization innovation have higher total exports and sales turnover.

Empirically, risk taking firms are able to secure superior growth and long term profitability in contrast to risk avoiders (Yang, 2008; Wang & Poutziouris, 2010; Ahimbisibwe & Abaho, 2013). In the same vein, Blackburn et al. (2013) and Laforet (2013) found that entrepreneurs with high risk tolerance, innovativeness and willingness to use new technologies are more successful in generating profits for the firm. Despite the geographical difference in the studies, the explanation of most of the empirical studies reviewed previously indicated that dimensions of entrepreneurial mindset have significant effect on profitability which is not in alignment with the hypothesis of the study.

Entrepreneurial Mindset

The term "entrepreneur mindset" is explained as an "individual way of thinking about business and its opportunities that capture the benefits of uncertainty" (Dhliwayo & Vuuren, 2007, p. 128). Entrepreneurial mindset is simply defined as the feelings and the belief of a particular ability to think out of the box (Lackeus, 2016). Setting up an entrepreneurial mindset is essential to continue the aggressiveness of economic links and the socioeconomic

lifestyle of the entrepreneurs through value and employment (Lackeus, 2016). Entrepreneurial mindset is a way of thinking about business that focuses on, and captures the benefits of, uncertainty (McGrath & MacMillan, 2000). The Entrepreneurial mindset, according to McGrath and MacMillan (2000) suggest that you know you have fully embraced the entrepreneurial mindset when you start to act and think like a habitual entrepreneur.

Popoola (2014) suggested that entrepreneurial mindset offers potential insights to numerous situations in understanding entrepreneurship in terms of opportunity recognition, entrepreneurial action, new venture formation, business performance, etc. Entrepreneurial mindset is the inclination to discover, evaluate, and exploit opportunities. According to Kraus and Meier (2016), entrepreneurial mindset is about creativity, innovation and taking opportunities that leads to organisational wealth creation and success and that this type of mindset enables entrepreneurs to make realistic decisions when faced with uncertainties. Creativity is a means to unlock the entrepreneurial potential of individuals, entrepreneurs and organisations, since new ideas and approaches are key ways of promoting an entrepreneurial culture (Kraus & Meier, 2016).

An entrepreneur thinks ahead and consolidates opportunities before they become obvious. An entrepreneur sees the problems/needs around her and sees opportunities to make profits or create value. Successful entrepreneurs contribute towards the development of society and advancement of economic growth (Wu, 2009). Entrepreneurial mindset is required to successfully engage in strategic entrepreneurship. It is both an individualistic and collective phenomenon; that is, it is important to individual entrepreneurs as well as to managers and employees in established firms to think and act entrepreneurially (Barney & Arian, 2001; Covin & Slevin, 2002). An entrepreneurial mindset can be seen as a growth oriented perspective through which individuals promote flexibility, creativity, continuous innovation and renewal in organizations (Ireland *et al.*, 2003; Ireland & Webb, 2007; Ireland *et al.* 2009; Kuratko, 2009). Uncertainty can be used to your benefit if you create and employ an entrepreneurial mindset. Thus, an entrepreneurial mindset is required for the founding of new businesses as well as the rejuvenation of existing ones (Draghici, Albulescu, & Tamasila, 2014).

Characteristics of entrepreneurial mindset include Creativity, Persuasion, Self-motivation, Tenacity, Curiosity, Flexibility, and Ownership. McGrath and MacMillan (2000) go on to identify five characteristics of the entrepreneurial mindset in common with habitual entrepreneurs: they passionately seek new opportunities, they pursue opportunities with enormous discipline, they pursue only the very best opportunities and avoid exhausting themselves and their organizations by chasing after every option, they focus on execution, specifically, adaptive execution, and they engage the energies of everyone in their domain.

Neneh's (2012) study confirmed that lack of an entrepreneurial mindset contributes to the high failure rate of SMEs in South Africa. The author revealed a need for understanding factors that are directly connected with the entrepreneurial mind. These factors are continuous education, growth mindset, creativity, motivation, and risk-taking propensity. According to Fiorio and Ferrero (2015), being an entrepreneur is a state of mind. It is about analysing the world and what is happening in terms of opportunities and possibilities, trying to understand how an individual intervention can enter the economic and social system in terms of construction and progress. And then it's about putting into practice objectives and translating ideas into action.

Risk taking

Wioeniewska, Tarczyńska, and Papiashvili (2015) defined risk-taking as the tendency of a firm to engage in high-risk projects with the aid of managerial preferences who choose bold actions to achieve a firm's objective. However, Lumpkin and Dess (1996) argue that it is important to note that risk has various meanings depending on the context in which it is applied. It is posited that organizations that do not take risks in dynamic environments will lose market share and will not be able to maintain a strong industry standing relative to more aggressive competitors (Wioeniewska, Tarczyńska, & Papiashvili, 2015). Risk taking refers to bold moves into unknown business areas and/or the commitment of significant resources to business activities under conditions of uncertainty (Lumpkin & Dess, 1996).

Risk-taking in entrepreneurship refers to the willingness of entrepreneurs to take calculated business-related risks (Kazemi & Madandar, 2012). To be successful, SMEs usually have to take on riskier projects, even if it means foregoing the methods or products that have worked for other businesses (Lumpkin & Dess, 2001). Choe and Loo (2013) perceives risk taking as the willingness to invest resources in business opportunities with possibilities of costly failure. The author adds that the risks involve not only financial success, but career opportunities, family relations and physical wellbeing. In today's turbulent and dynamic business environment, risk management is a vital component in strategic management and entrepreneurial considerations (Harris & Ogbonna, 2006).

According to Rauch *et al.* (2009) risk-taking, is associated with undertaking certain activities of assigning valuable resources to venture capitals in changeable environments. According to Lumpkin and Dess (1996) risk-taking is normally perceived as a trait more often exercised to describe entrepreneurship. Hoque *et al.* (2018) stated that risk-taking implies to the degree to which entrepreneurs are eager to make large resource commitments. Risk-taking is defined as "the capacity of the entrepreneur to perceive risk at its inception and to find avenues to mitigate transfer or share the risk" (Ogunsiji & Kayode, 2010, p. 195). Risk-taking has also been coined as the ability and willingness of a firm to pursue calculated and planned business opportunities in the marketplace, even though outcomes of these opportunities are uncertain (Lumpkin & Dess, 2001).

SMEs seizing the opportunities in the marketplace with the interest to obtain high returns by making large resource commitments and incurring heavy debt. They are also pursue opportunities that have a substantial likelihood of producing losses or support projects with uncertain expected returns (Musawa & Ahmad, 2018). Ana, Patrick, and Shanti (2016) noted that entrepreneurial firms were more proactive in searching for new business opportunities by dealing with every kind of risks from other types of businesses. Risk taking means actions of an SME to take bold steps such as heavy borrowing, venturing into unknown new markets, committing substantial portion of corporate assets to undertakings with uncertain outcomes and so on (Quaye & Acheampong, 2013).

Risk taking relates to a business readiness to pursue opportunities despite uncertainty around the eventual success (Deakins & Freel, 2012). It entails acting boldly without knowing the consequences. It is when the firm knowingly devotes its resources to projects with chances of high returns but that may also entail a possibility of higher failure (Mahmoud & Hanafi, 2013). Mwaura, *et al* (2015) identified three types of risks that businesses face in pursuing entrepreneurial activities; Business Risks associated with entering new markets or supporting unproven technologies; Financial Risks relating to the financial exposure required and the risk/return profile of the new venture. It may include borrowing heavily or committing large proportions of their resources and Personal Risks referring to the reputation effects of success or failure in the business. Success to the business entails giving the entrepreneur considerable influence over the future direction of the firm and failure can have the opposite effects.

Advantages of risk taking include: unforeseen opportunities may arise, build confidence and develop new skills, develop sense of pride and accomplishment, learn things you might not otherwise, the chance to actively pursue success, spurs creativity, and develop emotional resilience. However, risk taking can lead to a huge loss if it fails.

Empirical Review

Entrepreneurial mindset and Profitability

Birech, Karoney, and Alang'o (2018) found that innovation, proactiveness and risk taking as dimensions of entrepreneurial orientation are significantly associated with financial performance of SMEs. Olu, Marius, Anca, and Florentina (2017) on the impact of innovation on the entrepreneurial success revealed that there is a positive relationship innovation and the financial performance of company. Likewise, Khalid, Pairan, and Jabar (2018) in Malaysia identified four key factors of entrepreneurial performance of SMEs in managing the open innovation activities in their organization. These four factors have been identified as risk taking, proactiveness, autonomy and network. Also, Yun and Joo-Heon (2018) revealed that innovative progressiveness affected nonfinancial business performance. Secondly, risk-taking propensity did not influence both financial business performance and nonfinancial business performance. Thirdly, entrepreneurship education had no connection with entrepreneurial orientation or business performance. In the same vein, Etim, Adabu, and Ogar (2017) found that the variables of entrepreneurial orientation (Innovation, risk taking and pro-activeness) have significant positive influence on SME's profitability and survival.

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Theoretical Review

Entrepreneurship Innovation Theory

The theory of entrepreneurship innovation was propounded by Joseph Schumpeter (1949). According to Schumpeter (1934, 1942), entrepreneurship is about combining resources in new ways such as introduction of new products, with better attractions, new methods of production, discovery of a new market(s), identification of new source (s) of supply of raw materials and alteration of existing market arrangements through innovation that brings about radical changes in the market.

Innovation theory is criticized because it seems to be one-sided as it puts too much emphasis on innovative functions. It ignores risk taking function and Schumpeter's views are particularly applicable to developing countries where innovations need to be encouraged. Schumpeter's theory has also been criticized for failing to account for entrepreneurial action on the micro level: the individual approach for its single-cause logic; insensitivity to temporal dynamics and failure to account for contextual factors; and the situational approach for its focus on adaptation and consequent failure to account for human agency (Gartner, 1988; Shaver & Scott, 1991; Thornton, 1999).

Supporting this theory, Madsen (2007), and Shane and Venkataraman (2001), posited that entrepreneurship is about searching for opportunities and/or processes that uncover and develop opportunities. Drucker (1999) cited in Esbach (2009), claimed that despite the huge interest in the subject of entrepreneurship since its inception, a definition of entrepreneurship is hard to pin down because of the different descriptions used by a multitude of authors.

This theory is relevant to this study because the theory states that when the economy is in distress, profit motivated entrepreneurs will innovate, create and invent new things, products and services to stimulate productivity and job creation, thereby increasing wealth and profit. This study will be anchored on dynamic capabilities theory and resource-based view theory.

Methodology

The research design adopted in this study is survey design to examine the effects of entrepreneurial risk taking and SMEs in Anambra State. The population of this study comprised of one thousand, five hundred and four (1,504) owner/managers of SMEs operating in Anambra State and registered with small and medium enterprises development agency of Nigeria (SMEDAN, 2017).

The study adopted the simple random sampling technique to select the owners/managers of registered SMEs in Anambra State, Nigeria. The justification for the adoption of the simple random sampling technique is because of the ease of usage and its accuracy of representation. Simple random sampling technique gives respondents an equal chance of being selected in a population as it also eliminates any form of biasness.

The study employed the use of a primary data because it helps to get first hand information from the selected respondents. The questionnaire was used as the instrument to collect the primary data and it was distributed and collected by the researcher and with the help of research assistants from the SMEs under investigation.

A structured questionnaire was employed as this study's research instruments. The purpose of using questionnaires is because of the direct response, feedback and the literacy level of the proposed respondents. The Taro Yemane formula sample size formula is appropriate been a scientific method to determine sample size from a known population.

$$n = \frac{N}{1+N(e)^2} \quad N = 1504 / 1+1504(0.05)^2 = 316$$

Methods of Data Analysis

Data to be collected was analyzed by descriptive and inferential statistical technique. The justification for using descriptive statistics is that descriptive statistics enables the researcher to present the data in a more meaningful way, which allows simpler interpretation of the data.

Model Specification

$$Y = f(X)$$

Y = Dependent Variable

X = Independent Variables

y = Profitability (PT)

x = Risk Taking (RT)

Analysis and interpretation of Result

Descriptive Analysis, Interpretation and Discussion

The descriptive analysis of the respondents' opinions was done in this section first by dealing with the independent variables, followed by the dependent variables. The responses were based on a six point Likert-type scale coded with numerical values for ease of analysis. The values assigned were 6 for very high extent (VHE), 5 for high extent (HE), 4 for partially high extent (PHE), 3 for partially low extent (PLE), 2 for low extent (LE), and 1 for very low extent (VLE). Results were interpreted using descriptive statistics such as percentages, mean and standard deviation. The mean of the responses using a width of class interval were interpreted as follows: 5.50-6.00 implied very high degree, 4.50-5.49 implied high degree, 3.50-4.49 implied moderately high degree, 2.50-3.49 implied moderately low degree, 1.50-2.49 implied low degree and 0.50-1.49 implied very low degree. A standard deviation of more than 1 indicates that the responses are widely distributed and where it is less than 1, it indicates consensus on responses obtained.

Descriptive Statistics on Respondents Responses to Risk Taking

Risk Taking	Very High	High	Moderate High	Moderate Low	Low	Very Low	Mean	Standard Deviation
Risk perception	17.6%	46.4%	29.2%	4.8%	2.1%	0.0%	4.73	0.879
Risky business activities	13.4%	60.7%	22.3%	1.8%	1.8%	0.0%	4.82	0.748
Experimentation	13.4%	45.2%	31.8%	7.7%	9.6%	1.8%	4.61	0.878
Locus of Control	8.9%	39.0%	44.6%	3.6%	3.9%	0.0%	4.45	0.886
Habitual risk-taking	8.9%	35.7%	39.6%	14.0%	1.8%	0.0%	4.36	0.893
Average							4.55	0.84

Source: Researcher's Field Survey Results (2023)

According to results in the Table above, 17.6% of the owner-manager responded very high to risk perception, 46.4% high, 29.2% moderate high, 4.8% moderate low, and 2.1% low. On average, the respondents indicated high to risk perception with a mean of 4.73 and standard deviation of 0.879. Results also indicated that 13.4% of the owner-manager responded very high to risky business activities, 60.7% high, 22.3% moderate high, 1.8% moderate low, and 1.8% indicated low. On average, the respondents indicated high to risky business activities with a mean of 4.82 and standard deviation of 0.748.

Also 13.4% of the owner-manager responded very high to experimentation, 45.2% high, 31.8% moderate high, 7.7% moderate low, 9.6% low, and 1.8% very low. On average, the respondents indicated high to experimentation with a mean of 4.61 and standard deviation of 0.878. Also 8.9% of the owner-manager responded very high to locus of Control, 39.0% high, 44.6% moderate high, 3.6% moderate low, and 3.9% low. On average, the respondents indicated high to locus of Control with a mean of 4.45 and standard deviation of 0.886.

Last on the table shows 8.9% of the owner-manager responded very high to habitual risk-taking, 35.7% high, 39.6% moderate high, 14.0% moderate low, and 1.8% low. On average, the respondents indicated high to habitual risk-taking with a mean of 4.36 and standard deviation of 0.893. The grand mean for risk taking is 4.55 with standard deviation of 0.840, indicating that on average, SMEs owner-manager responded high to most of the statements as it relates to risk taking. The value of standard deviation implies that the response were clustered around from the mean.

In Table, Autonomy was presented using descriptive statistics and computed for each statement to reveal the frequencies, percentages, mean and standard deviation on a six-point Likert type scale where 1= Very Low [VL], 2= Low [L], 3= Moderate Low [ML], 4= Moderate High [MH], 5= High [H], 6= Very High [VH].

Summary of multiple regression analysis for the effect of Entrepreneurial risk taking ability and profitability of selected SMEs in Lagos State, Nigeria

Model	Beta	t	Sig.
(Constant)	3.398	12.516	.000
Risk taking	.030	.492	.623

- a. Dependent Variable: Profitability
- b. Predictors: (Constant), Entrepreneurial risk taking ability

Source: Researcher's Field Survey Results (2023)

Table presents the results of multiple regression analysis for the effect of Entrepreneurial risk taking ability on profitability of selected SMEs in Anambra State, Nigeria.

Table presents a model fit which establishes how the model equation fits the data. Given a multiple regression analysis, the Adjusted R^2 was used to establish the predictive power of the study's model. From the results, Entrepreneurial risk taking ability have positive and weak relationship with profitability of selected SMEs ($R = 0.344$, $p=0.000$). The adjusted coefficient of determination ($Adj R^2$) of 0.108 showed that Entrepreneurial risk taking ability explained 10.8% of the variation in profitability of the selected SMEs under study while the remaining 89.2% variation in profitability is explained by other external variables different from those considered in this study. This result suggests that entrepreneurial risk taking ability influence 10.8% of profitability for the selected SMEs in Anambra State, Nigeria.

Result

Both the descriptive and inferential statistics were adopted. Specifically, the descriptive enhanced the analysis for all the study variables and it provided answer to the specific research questions of the study. On the other hand, the inferential statistics enabled the test of the hypothesis formulated . was established through simple regression analysis. Frequency distribution tables and percentage presentation approaches were employed in the analysis and interpretation of data collected using the Statistical Product and Service Solutions (SPSS) version 24.0 versions for the analysis. The finding is that entrepreneurial risk taking and profitability of selected SMEs in Anambra State, Nigeria ($Adj R^2 = 0.108$, $F(5,431)=11.558$, $p=0.000$)

Conclusion

Based on the empirical findings, this study concluded that there was a statistically significant impact of Entrepreneurial risk taking ability on the profitability of selected SMEs in Anambra State, Nigeria.

Recommendations

Based on the finding of this study, it was established that entrepreneurial risk taking ability contributed significant to profitability on the whole, however the relative effect suggest that risk taking did not significantly contribute to profitability. Therefore, it is recommended that first line of action would be to ensure that owner-managers understand the need to take calculated risks.

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