



SMALL SCALE BUSINESS OPERATORS' RISK-TAKING AND PRO-ACTIVENESS: AN IMPERATIVE APPROACH TO SUSTAINABLE NIGERIA ECONOMIC DEVELOPMENT OF FEDERAL UNIVERSITIES IN SOUTH-SOUTH, NIGERIA

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Abstract: *This study examined small scale business operators' risk-taking and pro-activeness: An imperative approach to Sustainable Nigeria Economic Development in Federal Universities in South-South, Nigeria. To achieved the purpose of the study two research questions and two hypotheses were formulated to guide the study. A survey research design was adopted for the study. The population comprised of 825 Small Scale Business Operators in Federal Universities in South – South Nigeria. The sample used in the study was 425 selected small scale business operators from the study area. A researcher-made four points rating scale questionnaire titled “Small Scale Business Operators’ Risk-taking and Pro-activeness: An imperative approach to Sustainable Nigeria Economic Development Questionnaire” (SSBORTPIASNEDQ) was used for data collection. The instrument was face and content validated by three research experts. A reliability estimate ranging from .81 to .86 was achieved for the instrument using Cronbach Alpha reliability coefficient after a pilot test. The data were analyzed using simple linear regression statistical tool. All the hypotheses were tested at .05 level of significance. The results of the analysis revealed that risk-taking and pro-activeness among small scale business operators significantly influence Sustainability of Nigeria Economic Development in Federal Universities in South-South, Nigeria. Based on the finding of the study it was recommended among others that; small scale business operators in Nigeria Universities should rebrand their small scale businesses to ensure sustainability.*

Keywords: Risk-taking, Pro-activeness, Sustainable, Economic Development

Introduction

A small scale business operator's is the owner of a business that's considered small in terms of its work force, sales volume or organizational structure. A small-scale business differs from one country to another as a case may be. Small scale business operators' occupies a unique position in the economy of any nature and they are the bedrock of any economic growth and development. They constitute of the cornerstone of any competitive economy and by far outnumber the large scale business. Interestingly, they provide large scale business, more fertile ground for creativity. Hence, as a result of easy entry into the market, small scale business spring up all the time keeping the competition environment lively, a phenomenon that leads to productivity gains and real economic growth, apart from the fact that they generate employment

opportunities, they are closer to the grass root and so on, ginger rural development. Being part of the economic system, small business entities are faced with numerous problems, particularly funding and many ways these are very different from the financial problems on large concern. However, the principles underlying financial decision are similar irrespective of the size of the business, hence, the basic goal so financial management through acquisition, anticipation and allocation of funds equally apply to small scale business. It is widely known in business circles that small scale business find it difficult to secure funds from financial institutions due to the fact that they have difficulty in meeting the collateral requirement that would qualify them for the financial assistance from the back. Small scale business serves as an engine room for economic



development especially in Nigeria Universities where IGR generated is used within the school environment. Again, government recognizes the fact that small business is the second largest employers of labour apart from government.

Small scale Business operators refer to persons who organize and manage a business, particularly a trade, normally for profit with real plan and danger taking. Little trades withstand and adequate for numerous separate purposes, which includes: forming individual association, replying dynamic to challenges and complex, small excess load, caring for small trade, independence, the owner bears the profits (loss) and most importantly, the business owners' inventiveness and innovation (Abeng & Isamo, 2016). Small scale business operators are observed as a moving pressure for the elevation of a nation and they offer really to the national improvement of any community it resides in. small scale businesses are vital core to state the problems of work development, attainable national development, and fair spread of money industrialization and activation of national improvement, invariably leading to self-reliance. Despite the significant contribution of small and medium enterprises to the economy, the potentials of the small and medium enterprises have not been exploited fully and this is a concern to all stakeholders (Kazooba, 2006); as this poses a threat to the University economy since small businesses are great contributors to its Internal Generated Revenue IGR to Universities and others institutions.

Risk- taking is the act of doing something that involves danger in order to achieve a specify goal in a given time. The contemporary nature of doing business has uncovered the place of innate abilities, traits possessed by small scale business operators who are also responsible for the establishment, growth and sustainability of a business (Akwani, 2007). These traits can improve business activities and cause an increase in revenue generation for the sustainable of Nigeria economic development. The extent in which small scale business will becoming a big business breaks and unforeseen opportunities most times come from risk-taking. People tend to see risk-taking which is one of small scale business operators from a negative perspective, often regarding it as dangerous and even unwise. Even though some business risks certainly do not pay off, it is imperative to remember that a lot do. In business environment, not taking risks leads to business stagnation as every opportunity to grow comes in the form of an investment. To take a business risk by

a small scale business operator is another great opportunity to stand out and introduce a new product line of business, not just a follower that is satisfied with the status quo. Small scale business operators within the universities environment can move to the next level by daring to increase investment and make their businesses to progress positively (Okpara, 2009).

Brockhaus (2009), tested and compared the risk taking propensity of small scale business operators and managers. He found that there is no significant difference between the two groups which shows that there is no difference in their risk taking propensity. Ahmad (2010) opined that Risk taking is willingness to take up opportunities that may be either profits or losses. Willingness to assume calculated risk is the result of alertness to presume a product/service price assurance for the future. Barringer and Ireland (2008) compared the risk taking propensity of managers and small scale business operator but came to a different conclusion. He concluded that small scale business operators are more risk averse than managers and they draw the conclusion that the role of risk propensity in small scale business operators remains unresolved. He further suggests that risk tolerance of the small scale business operators should be divided into strategic risk tolerance and non-strategic risk tolerance. They suspected that small scale business operators might have a high strategic risk tolerance because: small scale business operators actively prefer low probability, high payoff outcomes to satisfy their ends because their utility functions for pecuniary benefits are less concave than those of other actors.

The non-strategic risk tolerance is based on the definition of small scale business operators bias (Bulut, 2010). This bias definition states that small scale business operators might be more risk tolerant than wage-earners because they overestimate their startup success rate. This is based on the observation that small scale business operators tend to focus on successful startup stories while founding their own venture. This might lead to an overconfident estimation of startup success rates. In addition the bigger the investment in the startup phase or process the higher the commitment of the small scale business operators. Based on those two observations there might be a vicious cycle that makes entrepreneurs seem more risk-tolerant compared to their non-small scale business operators' counterparts (Ahmad, 2010). This is based on the concept of absolute risk aversion were the higher the curvature of the utility with respect to wage the higher the risk aversion.



When they constructed their model they found no evidence that this is true. Their empirical evidence even suggested that nascent entrepreneurs are more risk averse than non-entrepreneurs. However, after empirically analyzing the reactions of 1261 nascent entrepreneurs, Ahmad and Seymour (2007) found that small scale business operators are even more risk-averse than the general population when pursuing pecuniary benefits. Their results implied that many of the reasons or motivations that a certain individual has to found a business are non-pecuniary. Their results even suggested that non-pecuniary benefits like identity-fulfillment and autonomy are more important for small scale business operators than pecuniary benefits. As a consequence they concluded that in order to achieve these non-pecuniary benefits, the entrepreneur has to take a minimum financial risk to keep the business running and to be in the position to pursue the individual non-pecuniary benefits. They stated that as long as the business survives and runs smoothly, the small scale business operators will be respected as a business owner in the community will have personal autonomy and can fulfill various purposive goals associated with his or her identity. But if the small scale business operators take large financial risks and fails, he or she may not have a second chance to restart a business to achieve those non-pecuniary goals.

Hence, when non-pecuniary motivations are dominant, small scale business operators should be even more risk-averse than the general population. This statement from Wickham (2006) is based on the willingness to take risks with respect to financial decision making. It implies that when pecuniary benefits are involved, as it is said to be the case for small scale business operators and especially social small scale business operators, individuals are more afraid of financial risks (Todaro & Smith, 2009). This illustrates the ambiguity of the results mentioned before and shows that there are various studies that find that entrepreneurs are more willing to take risks than non-entrepreneurs and studies that find the opposite. A variety of studies that find that small scale business operators are not more willing to take risks base their results on studies where a comparison between managers and entrepreneurs has been made and they state that no significant differences have been found. Those studies should take into account that managers are often small scale business operators and that small scale business operators also often fulfill managerial roles which makes a comparison of the two really hard.

Regrettably, human beings do not usually like risk or uncertainty but both owner-managers and small scale business operators are willing to take risks and to live with uncertainty. Owner-managers and small scale business operators have to live with the fact that they cannot control many aspects of the market they operate in. Additionally, they also have to be willing to take measured risks (Desai, 2011). Conversely, some studies show that small scale business operators are not interested in risk-taking any more than non- small scale business operators (Westhead, 2011). When risk is taking by small scale business operators they stand a chance to enjoy the benefit of taking risk in the future. There are no small scale business operators who get to the level of success without a season of taking a profitable risk. Risk taking is so essential among small scale business operators especially for the development and sustainability of Nigeria Economic (Chukwurah, & Atah, 2017).

Pro-activeness is action and result oriented behaviour, instead of the one that wait for things to happen and the then tries to adjust to them. Proactive behaviour aims at identification and exploitation of opportunities and taking preemptory action against potential problems and threats, whereas reactive behavior focuses on fighting a fire or solving a problem after it occurs. Raimi (2010) stated that pro-activeness is the attribute of small scale business operators that sees him act futuristic; he further defines pro-activity as defining your goals and your future and arriving there as planned. Pro-activity is a state of mind and the will, largely driven by ones consciousness to sustain a vision, to fulfill a mission, to attain a challenging goal and to achieve a define objective. It is envisioning a future towards which one device the strategic parameters for influencing, impacting and recreating the environment within which to operate in line with that vision. It is a determination to excel in one's own chosen field. It is a determination to pursue and attain one's own goal largely defined by one. Small scale business operators' pro-activeness can also be seen as alertness of the company. A company is entrepreneurially proactive when it searches for new business opportunities and invest for the future with the mindset of changing economic trends and development.

Welter and Lasch (2008) submitted that small scale business operators' pro-activeness is the ability of the firm to predict where products/services do not exist or have become unsuspected valuable to customers and where new procedures of manufacturing are unknown to others become feasible.



Bulut (2010) supported pro-activeness and captures it as sparks of superior insight. By extension, pro-activeness is assumed when different companies have insights into the value of resources that other companies do not have. It is also the recognition of the company's opportunity. In other words, small scale business operators' pro-activeness depends on the attractiveness of an opportunity and ability of the firm to grasp once it is perceived. In the light of the above, Oni (2012) and Schillo (2011) opined that pro-activeness is a key tool especially for small scale businesses to come up with strategic initiatives that are essential for ensuring economic growth and development.

Chell (2008) agreed that small scale business operators pro-activeness is important in measuring organizational performance, it is not sufficient for small scale business operators pro-activeness to be linked to knowledge for coordinating inputs at below market value and converting such inputs into output for ensuring a high performance. This makes the proactive small scale business to focus on the past, the present and the future with equal zeal, using history to explain and fully understand the present and to challenge and create its own proactive future (Drucker, 2007).

Purpose of the study

The purpose of the study was to examine the influence of small scale business operators' risk-taking and pro-activeness for Sustainable Nigeria Economic Development in Federal Universities in South-South, Nigeria.

Research questions

The following research question was formulated to guide the study:

1. Does Risk taking have any influence on small scale business operators' and the Nigeria economic development of Federal Universities in South-South, Nigeria.
2. Does Pro-activeness have any influence on small scale business operators' and Nigeria economic development of Federal Universities in South-South, Nigeria.

Statement of hypotheses

As a control to this study, the following hypotheses were tested at 0.05 level of significant:

1. There is no significant influence on risk taking on small scale business operators' and Nigeria economic development in Federal Universities in South-South, Nigeria.

2. There is no significant influence on pro-activeness on small scale business operators' and Nigeria economic development in Federal Universities in South-South, Nigeria.

Research design

The survey design was used to carry out this study. Survey is a generalized means of data collection through the use of interviews or questionnaire. Osuala (2004) opined that survey design answers questions pertaining to characteristics of people, their belief, opinions, attitudes and behaviours. Survey research design was considered most appropriate for this study because it enabled the researchers to collect data on the opinion of the respondents. The study was carried out in south-south geopolitical zone of Nigeria. This zone comprises six states and is strategically located at the point where the Y tail of the river Niger joins the Atlantic Ocean through the Gulf of Guinea. These states are Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers States. The population for the study was 850 small scale business operators from federal universities in south-south Nigeria. This universities used for the study include the following; University of Calabar and University of Uyo. A sample size of 425 small scale business operators was randomly selected for the study. This represents 50% of the entire population. According to Udoh (2015), a 50% selection is useful in sampling because it represent a fair characteristic of the population. The instrument for data collection was a structured questionnaire titled "Small Scale Business Operators' Risk-taking and Pro-activeness: An Imperative Approach to Sustainable Nigeria Economic Development Questionnaire" (SSBORTPIASNEDQ). The instrument was face and content validated by three research experts. A reliability estimate ranging from .81 to .86 was achieved for the instrument using Cronbach Alpha reliability coefficient after a pilot test. The data were analyzed using simple linear regression statistical tool. All the hypotheses were tested at .05 level of significance.

Presentation of result

Hypothesis one

There is no significant influence on risk taking on small scale business operators' and Nigeria economic development in Federal Universities in South-South, Nigeria.

The independent variable is risk taking by small business operators while the dependent variable Sustainable Nigeria Economic Development.



To test this hypothesis, simple regression analysis was used at .05 level of significant and the result as presented in Table 1.

TABLE 1

Simple linear regression analysis of the influence of risk taking by small scale business operators’ and sustainable Nigeria economic development in Federal Universities in South – South, Nigeria.

Variable	R	R ²	Adj R ²	Std. Error		
Risk taking	.272 ^a	0.073	.071	6.487		
Source of variation		SS	Df	MS	F	Sig.
Regression		565.034	1	565.034	13.42	.000 ^b
Residual		17848.60	849	42.09		
Total		18413.634	850			

The result in table1 showed that the correlation coefficient of the variable is .272 which implied that there is a weak positive relationship between risk taking of small scale business operators and Sustainable Nigeria Economic Development. More so, the result showed that Adj R² = .071 which implied that the variation in the dependent variable (sustainable economic development can be accounted for by 71% of risk taking.

A quick look at the Table 1 also showed an analysis of variance result of (F=13.42, p<.000). Since p(.002) is less than p(.05), this implied that even though the percentage contribution is small, the result showed that risk taking by

TABLE 2

Simple linear regression analysis of the influence of pro-activeness on small scale business operators and Sustainable Nigeria Economic Development in federal universities in south – south Nigeria.

Variables	R	R ²	Adj R ²	Std. Error		
Pro-activeness	.294 ^a	.086	.084	6.470		
Source of variation		SS	Df	MS	F	Sig.
Regression		660.148	1	660.148	15.77	.000 ^b
Residual		17753.486	849	41.87		
Total		18413.634	850			

The result showed that the correlation coefficient of the variable is .294 which implied that there is a weak positive relationship between pro-activeness of small scale business operators and Sustainable Nigeria Economic Development. More so, the result showed that Adj R² = .084 which implied that the variation in the dependent variable (Sustainable Nigeria Economic Development) can be accounted for by 84% of pro-activeness. A brief look at the table also showed an

small scale business operators significantly influenced Sustainable Nigeria Economic Development in federal universities in south – south, Nigeria.

Hypothesis two

There is no significant influence on pro-activeness on small scale business operators’ and Nigeria economic development in Federal Universities in South-South, Nigeria.

The independent variable is pro-activeness of small scale business operators while the dependent variable is Sustainable Nigeria Economic Development.

To test this hypothesis, simple linear regression analysis was used and the result as presented in Table 2.

analysis of variance result of (F=15.77, p<.000). Since p(.000) is less than p(.05), this implies that even though the percentage contribution is small, the result showed that pro-activeness of small scale business operators significantly influenced Sustainable Nigeria Economic Development in Federal Universities in South - South Nigeria. Hence the null hypothesis was rejected.

Discussion of findings



Risk taking by small scale business operators' and Sustainable Nigeria Economic Development

The finding in this regard revealed that there was a significant influence of risk taking behavior of small scale business operators on Sustainable Nigeria Economic Development in federal universities in south – south, Nigeria. This could be due to the fact that a successful small scale business operators' is one that task risks though calculated risk. The risk exposes them to failure which sometimes helps them to manage their business very well as they invest in areas that others may not have thought. The finding collaborates with that of Schillo (2011) that asserted that risk taking behavior of business managers opens new avenues of investments and helps them to profit in areas that others have not delved into. Thus, where business operators in the university environment go into businesses that rarely exist in the school community, it would promote business expansion, employment and payment of more levies that can help the university management to carry out some of the facility maintenance in the school that subventions alone cannot help accomplish.

The finding of the study was in line with that of Bulut (2010) whose study was on cultural change, risk-taking behavior. The result showed that in an economy in which the material benefits associated with risky small scale business operators' activity are high, agents will over time develop more risk tolerant attitudes, which in turn will speed up the rate of economic growth and development of any Nation. It is shown that policy interventions aiming at supporting small scale business operators' activities can play an important role in overcoming the forces of risk aversion and promoting long-run economic growth and development especially in Nigeria Universities.

The finding also were in line with that of Ahmad (2010) whose study was on critical assessment of risk-taking behavior and economic performance of male small scale business operators in the Centurion central business district in South Africa. Quantitative data were obtained within the population of 161 respondents. It also investigated the relationship between their risk-taking behavior and their provision of basic utilities. The researcher established possible factors from the literature and adopted and modified the DOSPERT scale developed by Gupta and Muita (2013). The results indicate a strong correlation between the factors identified and the risk-taking behavior of the small scale business operators, except

for the ethnic background factor. It was also found that a positive relationship exists between risk-taking.

Pro-activeness of small scale business operators and Sustainable Nigeria Economic Development

The finding in this regard revealed that there was a significant influence of pro-activeness of small scale business operators on Sustainable Nigeria Economic Development in federal universities in south – south, Nigeria. This could be due to the fact that pro-activeness allows for flexibility, foster creativity, recognizes a need for change, alleviate issues as they happen and be more prepared for emerging situations. Although, for small scale business operators to be proactive, it takes time since they have to consider options, weigh alternatives and make their decisions in order to achieve their goals. Proactive business managers anticipate problems; seek for new solutions and do their best to be ahead on business. It does not remove completely every problem but helps the business operators to think ahead, develop blueprints that would enable the employees to find and even to some extent, expand the business. In an environment where the manager has a proactive mindset, the problems have a higher probability of getting the attention they deserve and where problems are earlier identified and dealt with, it induces provision of basic utilities.

The finding of the study is in line with that of Adeyemi (2016) whose study was to investigate the effects of EO on the performance of small and medium sized firms during the current global economic crisis. In this study, the multidimensional model of EO and the test of a series of hypotheses pertaining to its performance effects using survey data gathered from 164 Dutch SMEs were used. The present research shows that proactive firm behavior positively contributes to SME performance during the economic crisis. The findings were also in line with the result of Gupta and Muita (2013) that carried out a study on the relevance of entrepreneurial pro-activeness on business performance: Nigerian companies' experience. Questions on performance came from items such as market shares, sales volumes, product or service quality, productivity and so on. A structured questionnaire was used to extract information from the respondents and the companies were randomly selected from the Nigeria Stock Exchange handbook and Corporate Affairs Commission book of registered companies. Copies of the questionnaire were administered to senior managers. The entrepreneurial pro-activeness was categorized as high and



low levels in order to explore the degree of use made to performance indicators. The findings showed that the enterprise on high entrepreneurial pro-activeness responded positively to performance measures with consistent increase in size and employment of qualified and competent personnel. Conclusively, the enterprises performance was found to be a function of a wider based small scale business operators' pro-activeness.

Conclusion

Small scale business operators are observed as a moving pressure for the elevation of a nation and they offer really to the national improvement of any community it resides in. small scale businesses are vital core to state the problems of work development, attainable national development, and fair spread of money industrialization and activation of national improvement, invariably leading to self-reliance. Despite the significant contribution of small scale business operators' to the economy growth and development, the potentials of the small scale business operators' have not been exploited fully. This is a poses as a threat to the University economy since small scale businesses are great contributors to Internal Generated Revenue IGR to Universities and others institutions in the country at large. Risk-taking and pro-activeness has a significant influence on the sustainable Nigeria economic development in Federal Universities in South – South, Nigeria.

Recommendations

Based on the finding of the study, it was recommended that:

- i. Small scale business operators in Nigerian Universities should only engaged on calculated business risks.
- ii. Small scale business operators must always think ahead to preempt customer needs.
- iii. Small scale business operators must ensure that market forces are brought under their control and ensure effectiveness.

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