

**ENTREPRENEURIAL ORIENTATION AND BUSINESS
PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN
KATHMANDU**

A Dissertation submitted to the Office of the Dean, Faculty of Management, in partial
fulfilment of the requirements for the Degree of Masters of Business Studies

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CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**ENTREPRENEURIAL ORIENTATION AND BUSINESS PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KATHMANDU**” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

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We have examined the dissertation entitled “*ENTREPRENEURIAL ORIENTATION AND BUSINESS PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN KATHMANDU*” presented by Ms. Mallika Joshi for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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ABBREVIATIONS

AD	:	Anno Domini
ANOVA	:	Analysis of Variance
ATM	:	Automated Tailor Machine
AU	:	Autonomy
BS	:	Bikram Sambat
CB	:	Commercial Banks
e.g.	:	Example
i.e.	:	That is
IN	:	Innovation
LTD	:	Limited
NBL	:	Nepal Bank Limited
NRB	:	Nepal Rastra Bank
NW	:	Networking
PA	:	Pro activeness
RT	:	Risk-taking
SD	:	Standard Deviation
SMEs	:	Small and Medium Enterprises
SPSS	:	Statistical Package for the Social Sciences
TU	:	Tribhuvan University

ABSTRACTS

The purpose of the study was to identify the effect of entrepreneurial orientation on business performance of Small and Medium Enterprises. The descriptive and causal comparative research design has applied in this research. The descriptive and causal comparative research design has applied in this research. The study has based on statistical test such as correlation, regression analysis etc. Considering the purpose and requirements of this research, the Descriptive and Causal comparative research design has employed. The population of the study involved entrepreneurs from Kathmandu Metropolitan city in Bagmati Province, Nepal. Convenience sampling, a non-probability sampling method, was implemented as the only online medium used for data collection. Similarly, out of 425 questionnaires issued, 410 sample responses were successfully collected. In conclusion, the analysis highlights the importance of Autonomy, Risk Taking, Networking, and Innovation as key factors influencing the performance of small and medium-sized enterprises. These findings emphasize the need for entrepreneurs to foster an environment that encourages entrepreneurial autonomy, embraces risk-taking opportunities, establishes strong networking connections, and promotes innovation in order to enhance the performance of their businesses. The results indicate that Autonomy, Risk Taking, Networking, and Innovation play crucial roles in driving Small and Medium Enterprises Business performance. Entrepreneurs and small business owners should strive to create an environment that promotes these factors to enhance their business outcomes. However, the role of Pro-activeness requires further examination to ascertain its significance in the context of Small and Medium Enterprises Business performance. These findings emphasize the need for entrepreneurs to foster an environment that encourages entrepreneurial autonomy, embraces risk-taking opportunities, establishes strong networking connections, and promotes innovation in order to enhance the performance of their businesses.

Key words: Autonomy, Business performance of Small and Medium Enterprises, Innovation, Networking, Pro-activeness, Risk-taking

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the dynamic landscape of global business, small and Medium-sized Enterprises (SMEs) play a pivotal role in driving economic growth and fostering innovation. Nowhere is this more evident than in the bustling city of Kathmandu, where entrepreneurial endeavors are shaping the local business ecosystem. This study investigates into the intriguing intersection of entrepreneurial orientation and the resultant impact on the business performance of SMEs operating in the vibrant capital of Nepal. As we embark on this journey of exploration, this study's aim is to unravel the intricate mechanisms that underpin the entrepreneurial fabric of SMEs in Kathmandu. By examining the factors that drive or hinder entrepreneurial behavior and their subsequent impact on business performance, we hope to contribute valuable knowledge to the fields of entrepreneurship and business management. This study not only holds the potential to enhance academic discourse but also offers practical implications for SME owners, policymakers, and stakeholders invested in the sustainable growth of businesses in Kathmandu and beyond (Acharya & Giri, 2021).

Entrepreneurial orientation refers to the strategic mindset and behavior of entrepreneurs, encompassing dimensions such as innovation, risk-taking, reactivity, and competitive aggressiveness. Understanding how SMEs in Kathmandu manifest entrepreneurial orientation and the subsequent influence on their overall business performance is crucial for not only academic exploration but also for guiding policy decisions and providing actionable insights for entrepreneurs. Kathmandu, with its rich cultural heritage, diverse market dynamics, and evolving economic landscape, serves as an intriguing backdrop for this investigation (Xuhua, Kwofie, & Antwi, 2018). The city's SMEs navigate a complex interplay of traditional values, global economic trends, and technological advancements, making it a unique setting to explore the relationship between entrepreneurial orientation and business outcomes.

Having an entrepreneurial perspective for small and medium scale enterprise (SMEs) is crucial for success because entrepreneurship has emerged as a crucial component of economies. Small and medium-sized businesses (SMEs) are vital to the development of many countries around the world, especially those with developing economies. The

economies of scale have been reduced by globalization but SMEs' growth potential has increased (Alam et al., 2022). In emerging nations, small and medium-sized businesses (SMEs) must struggle with surroundings that are dynamic, constantly changing, and less developed institutionally. Entrepreneurial Orientation (EO) is often mentioned as an antecedent of growth, competitive advantage and superior performance, and prior empirical research has often shown a positive relationship between Entrepreneurial orientation and performance appears to exist. Entrepreneurial orientation (EO) has been considered a crucial element of firms' competitive advantage, growth, and performance. Several studies have dedicated ample attention to the significant role of Entrepreneurial orientation in the performance of firms (Lumpkin & Dess, 1996), and empirically proved the strong association between them.

Firms' performance is aligned with the elements of entrepreneurial orientation: innovativeness, risk-taking, and pro-activeness. Therefore, it is essential to upgrade the level of entrepreneurship and existing SMEs to be entrepreneurial orientated. This will reflect their innovativeness, pro-activeness and risk-taking qualities, which are particularly important for the business performance of SMEs in the area (Abidemi, et al., 2018). Entrepreneurial activities are valued more and more by businesses, but in today's complicated global market, they are even more essential to gaining a lasting competitive edge.

Small and medium-sized businesses (SMEs) are under more pressure from worldwide competition as a result of globalization. It becomes clear that SMEs confront growing difficulties in sustaining and enhancing their performance in time, unless they can actively handle these challenges, when combined with the shifting complexity of customers throughout the world. It is even more obvious that businesses suffer particularly high levels of market volatility and complicated business uncertainty during times of economic and environmental upheaval, forcing businesses to respond to such change. The global business environment is often highly competitive and therefore, companies must be proactive and also be able to compete in foreign markets. Thus, researchers have argued about entrepreneurial orientation as a strategic means of enhancing SMEs' performance (Xuhua, Kwofie, & Antwi, 2018).

Small and medium-sized enterprises (SMEs) play a crucial role in the economic growth and development of both developed and developing countries (Fatoki, 2014). However, SMEs face numerous challenges, such as limited resources, lack of access to finance,

and lack of management skills (Khalique et al., 2018). Despite these challenges, some SMEs have been able to achieve significant business success, which has been attributed to their entrepreneurial orientation (EO).

Entrepreneurial orientation is a multidimensional construct that refers to the extent to which a firm exhibits entrepreneurial characteristics, such as innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness (Covin & Slevin, 1989). Numerous studies have shown that Entrepreneurial orientation is positively related to various measures of business performance, such as financial performance, growth, and survival (Rauch, Wiklund, Lumpkin, & Frese, 2009; Wiklund & Shepherd, 2003). Entrepreneurial orientation has been found to be especially important for SMEs, as they are often resource-constrained and need to be highly entrepreneurial to survive and grow (Wiklund & Shepherd, 2005).

However, the relationship between Entrepreneurial orientation and business performance is not always straightforward. Some studies have found no relationship or even a negative relationship between Entrepreneurial orientation and business performance (Koirala, 2019). This suggests that there may be other factors that moderate or mediate the relationship between Entrepreneurial orientation and business performance. Furthermore, research on Entrepreneurial orientation and business performance has been predominantly conducted in developed countries, with limited research in developing countries (Fatoki, 2014). This is a significant gap in the literature, as SMEs in developing countries face unique challenges and opportunities that may impact the relationship between Entrepreneurial orientation and business performance.

In addition to this, the entrepreneurial orientation of SMEs is influenced by various factors, including environmental factors, organizational factors, and individual factors. However, there is a lack of research on the specific factors that influence the entrepreneurial orientation of SMEs in Kathmandu and how these factors impact business performance (Dhungana, Adhikari & Shrestha, 2021). Therefore, there is a need to investigate the factors that influence the entrepreneurial orientation of SMEs in Kathmandu and how these factors impact business performance. Furthermore, although entrepreneurial orientation has been found to positively influence business performance, there are few studies that have investigated the mediating role of innovation in this relationship (Shrestha & Sharma, 2020). Therefore, there is a need to

investigate the mediating role of innovation between entrepreneurial orientation and business performance of SMEs in Kathmandu.

1.2 Statement of Problem

The entrepreneurial orientation of SMEs is influenced by various factors, including environmental factors, organizational factors, and individual factors. However, there is a lack of research on the specific factors that influence the entrepreneurial orientation of SMEs in Kathmandu and how these factors impact business performance (Dhungana, Adhikari & Shrestha, 2021). Therefore, there is a need to investigate the factors that influence the entrepreneurial orientation of SMEs in Kathmandu and how these factors impact business performance. Furthermore, although entrepreneurial orientation has been found to positively influence business performance, there are few studies that have investigated the mediating role of innovation in this relationship (Shrestha & Sharma, 2020). Therefore, there is a need to investigate the mediating role of innovation between entrepreneurial orientation and business performance of SMEs in Kathmandu.

Small and medium-sized enterprises (SMEs) are a crucial component of the economy. However, limited research has been conducted to investigate the relationship between entrepreneurial orientation (EO) and business performance of SMEs in Kathmandu. Furthermore, previous studies on the relationship between entrepreneurial orientation and business performance have produced mixed findings, with some studies finding a positive relationship, while others have found no relationship or even a negative relationship (Koirala, 2019). Therefore, there is a need to investigate the relationship between entrepreneurial orientation and business performance of SMEs in Kathmandu to provide more insights into the relationship between entrepreneurial orientation and business performance.

The study has directed towards answering following questions:

1. How does entrepreneurial orientation related to business performance of SMEs in Kathmandu?
2. What is the relationship between entrepreneurial orientation variables (autonomy, pro activeness, networking, risk taking, innovation) and business performance in SMEs in Kathmandu?

3. What are the impact of entrepreneurial orientation variables (autonomy, pro activeness, networking, risk taking, innovation) on business performance in SMEs in Kathmandu?

1.3 Objectives of the study

For any study there has to be some objectives which highlight the purpose of doing the research work. The major objectives of the study are to identify the effect of entrepreneurial orientation on business performance of SMEs in Kathmandu. The specific purpose are as follows:

1. To examine the status of entrepreneurial orientation related to business performance of SMEs in Kathmandu.
2. To assess the relationship between entrepreneurial orientation variables (autonomy, pro activeness, networking, risk taking, innovation) and business performance of SMEs in Kathmandu.
3. To analyze the impact of entrepreneur orientation variables (autonomy, pro activeness, networking, risk taking, innovation) on its business performance relevant to Nepalese SMEs in Kathmandu.

1.5 Rationale of the study

This study on the entrepreneurial orientation and business performance of Small and Medium-sized Enterprises (SMEs) in Kathmandu is driven by the recognition of SMEs as key contributors to economic growth. In the context of a rapidly changing global landscape and the unique cultural dynamics of Kathmandu, understanding how SMEs manifest entrepreneurial behavior is crucial. The findings hold practical implications for policymakers, providing insights to shape supportive regulations, and offer practical guidance for SME owners navigating the complexities of the local and global market. Furthermore, the study contributes to academic knowledge by exploring the entrepreneurial fabric of SMEs in a specific geographic context, adding depth to the broader understanding of entrepreneurship and business management. The study has examined the success of small and medium enterprises which provides innovative solutions to meet environmental or social challenges. As it plays an important role in contributing to economic growth, job creation and poverty reduction.

1.6 Limitations of the study

Here are the limitations of conducting research on the topic of entrepreneurial orientation and business performance of SMEs in Kathmandu are as follows:

- Limited availability and accessibility of comprehensive data on entrepreneurial orientation and business performance.
- Study provides a snapshot within a specific timeframe, limiting a comprehensive understanding of evolving dynamics.
- Limitations in capturing different aspects of entrepreneurial behavior with the chosen methodology.
- Findings may be specific to Kathmandu and may not generalize to other geographical locations.
- Cross-sectional approach focuses on a specific point in time, potentially overlooking the evolution of entrepreneurial strategies.

CHAPTER II

LITERATURE REVIEW

This chapter discusses the literature and existing studies on entrepreneurial orientation and business performance of SMEs. The chapter starts with the theoretical review, comprising an overview of entrepreneurial orientation followed by a study on the autonomy, networking, pro activeness, and innovation. Later, a comprehensive review of empirical analysis and relevant gaps in the entrepreneurial orientation literature is presented.

2.1 Theoretical review

2.1.1 Concept of entrepreneurship

Even though the term "entrepreneurship" has been around for a while, its exact meaning is still up for debate. Although the literature contains a wide range of viewpoints, the following topics are most frequently encountered: the production of wealth, entrepreneurship, innovation, change, employment, value, and growth. Recently, a great deal of work has gone into creating a standard definition. For instance, Morris, Schindehutte, and LaForge (2008) discovered 18 terms that were used at least five times after conducting a keyword analysis of the definitions of entrepreneurship found in pertinent literature. They then used Stevenson and Jarillo-Mossi's (1986) definition of entrepreneurship, which states that it is "a process of creating value by bringing together a unique package of resources to exploit an opportunity," to define the term because it included all of the key terms related to entrepreneurship that they had come across during their research.

The types of organizations in which entrepreneurial activity may be found are not restricted by this description. In fact, regardless of a company's size or age, entrepreneurial behavior may be observed in both new and established endeavors (Kraus, Rigtering, Hughes & Hosman, 2011). For instance, corporate entrepreneurship, entrepreneurial orientation, and intrapreneurship have been used to characterize the entrepreneurial endeavors of current and established businesses (Antoncic & Hisrich, 2004).

The term "Entrepreneurial Orientation" (EO) will be used to describe an established firm's entrepreneurial activity in this article. The decision-making approaches, procedures, behaviors, and practices that result in "entry" into new or established

markets with novel or pre-existing products or services are referred to as entrepreneurial orientation (Walter et al., 2006). While acknowledging clearly that this may be done with both new and current goods or services, this definition of entrepreneurial orientation is compatible with the idea that entrepreneurial orientation leads to new market entrance in both new and existing markets. To put it another way, an entrepreneurial company explores both new and existing markets with innovations based on either new or existing goods and services, taking calculated risks and being aware of the unpredictability involved.

Recently, a meta-analysis of the connection between entrepreneurial orientation and firm success was conducted by Rauch, Wiklund, Lumpkin, and Frese (2009). The 51 publications in their investigation demonstrated a strong correlation between entrepreneurial mindset and successful business operations. According to Rauch, Wiklund, Lumpkin, & Frese (2009), the relationship between entrepreneurial orientation and business performance is "of similar magnitude in different cultural contexts" because the control variable the authors included to account for cultural differences between continents proved to be statistically insignificant. Only the other research in this study's sample of 51 publications found mixed or no meaningful findings. There was absolutely no meaningful correlation found by Slater and Narver (2000) between entrepreneurial orientation and corporate performance. Only a somewhat favorable association was established by Swierczek and Ha (2003), while Walter et al. (2006) concluded that there is no direct correlation between entrepreneurial approach and business performance. According to Covin and Slevin (1989), there appears to be no discernible relationship between entrepreneurship and firm success in benign conditions, but in hostile situations, entrepreneurship has a greater beneficial impact. Furthermore, in their models, several researchers have incorporated the environment as a moderator or control variable. The association between entrepreneurial approach and business profitability was shown to be significantly moderated by environmental hostility, according to Lumpkin and Dess (2001). In their study on knowledge-based resources and EO, Wiklund and Shepherd (2003) employ environmental munificence and heterogeneity as control variables. Environmental magnitude was shown to be a significant control variable in their study.

The Netherlands is also the location of Stam and Elfring's (2008) research. A comparative study of the entrepreneurial inclinations of Dutch businesses and their

American direct rivals was conducted by Kemelgor (2002). According to their findings, there is a positive correlation between entrepreneurial approach and each of the performance metrics they examined for US enterprises, including return on sales, number of new inventions, and number of patents obtained. Only the quantity of patents received and return on sales have been shown to be significantly correlated in the Netherlands, though. Moreover, the link is weaker and the significance is smaller (5% as opposed to 1%). Kemelgor (2002) proposes two potential explanations for these variations. The first is how the USA and the Netherlands view entrepreneurship differently in terms of culture. According to Kemelgor (2002), a second factor is that Dutch enterprises are required by law to have a Work Council where employees may debate organizational activities. This, it was stated, would result in a scenario where "participation [in the firm's EO] is a vehicle to truly impact business performance rather than a social obligation."

Theoretically, people throughout the company must voluntarily engage in the entrepreneurial activities included in an entrepreneurial orientation in order for it to influence firm-wide behavior and become an organizational attitude. For instance, Lumpkin and Dess (1996) made remarks on the degree to which the organization's culture and structure encouraged or discouraged employees from engaging in entrepreneurial activities. Ireland et al. (2009), for instance, proposed in corporate entrepreneurship research that "top level managers [working] to create organizational architectures in which entrepreneurial initiatives flourish without their direct involvement" is necessary to gain support for an entrepreneurial vision for the company. Similar to Lumpkin and Dess (1996), Ireland et al. (2009) suggest that the firm's structure and culture should promote "being highly committed to work and willing to accept responsibility for outcomes resulting from it" as well as "a proclivity toward such qualities as decentralized decision making, low formality, wide spans of control, expertise- (vs. position)-based power, process flexibility, free-flowing information networks, and loose adherence to rules and policies." According to Kemelgor's (2002) reasoning, Dutch companies may be prohibited from implementing these kinds of structural and cultural requirements because of the way Work Councils separate employees from management. Similar conclusions on how employee involvement affects top managers' readiness to encourage and assist entrepreneurial behavior can be found in Hornsby et al. (2002)'s work. In conjunction with a willing

embrace of discretion and autonomy at work, the company's entrepreneurial orientation ought to be more successful.

In contrast to Kemelgor (2002), Stam and Elfring (2008) carried out a distinct sort of analysis. They looked at whether and how the networks within and outside of the founding team affected the success of new businesses. Based on their research, it can be stated that performance and EO, as measured by its network, have a high link; however, this relationship is decreased in organizations with poor social capital.

After examining earlier studies, Wiklund and Shepherd (2005) came to the conclusion that "the differences [among study findings] reflect the fact that entrepreneurial orientation may sometime, but not always, contribute to improved performance." However, the general finding of Rauch, Wiklund, Lumpkin, and Frese's (2009) meta-analysis is that there is a strong association between entrepreneurial approach and firm performance. However, these findings do indicate that the value of entrepreneurial orientation may differ, and as a result, researchers need better understand the environment in which organizations employ entrepreneurial orientation (Stam & Elfring, 2008).

2.1.2 Individual entrepreneurial orientation (IEO)

Miller (1983) proposed the concept of individual entrepreneurial orientation, comprising three elements: proactivity, inventiveness, and willingness to take risks. It was further promoted by the concept of entrepreneurial strategic attitude that was first presented by Covin & Slevin (1989). Later, (Lumpkin & Dess, 1996) developed a five-dimension model that included the following five dimensions: proactivity, risk-taking, autonomy, innovativeness, and competitive aggressiveness. Scholars have widely acknowledged entrepreneurial orientation as a firm-level construct that influences a firm's success over time (e.g.: Grande, Madsen, & Borch, 2014; Hafeez, Chaudhry, Siddiqui, & Rehman, 2011). Reijonen, Hirvonen, Nagy, Laukkanen, & Gabrielsson (2015) found that the market performance and brand performance of Hungarian small and medium-sized firms were positively impacted by entrepreneurial orientation.

Prior to 2000, the majority of studies on entrepreneurial inclination were conducted in the United States. As a result, the majority of measuring models were created and evaluated just for US companies. Research was conducted by Knight (1997) to evaluate the validity and reliability of the ENTRESALE overseas. Khandwalla (1977) created

this measuring scale first, then Miller and Friesen (1982) and Covin and Slevin (1986, 1989) later improved it. The ENTRESALE was shown to be a useful instrument for assessing entrepreneurial orientation after it was tested on managers who spoke English and French. This assessment tool may be used to gauge the degree of entrepreneurship in businesses located overseas (Knight 1997). Kemelgor (2002) tested the suitability of Covin and Slevin's (1986) entrepreneurial orientation scale in the Netherlands using a methodology similar to that of Knight (1997). There were no discernible variations between the Dutch and English versions of the scale, according to his t test. The scale created by Covin and Slevin (1989) is employed in the current study to gauge the degree of EO. The three characteristics of entrepreneurial orientation—risk-taking, innovativeness, and proactiveness—are included in the scale. Each scale has seven points, similar to a Likert scale, and requires responders to select between two claims that contradict each other.

It has been suggested recently by researchers that entrepreneurial orientation may also be seen as an individual level construct (Robinson & Stubberud, 2014). Businesses now have more chances to examine entrepreneurial orientation from many perspectives and levels thanks to this concept. According to the results of existing research on individual entrepreneurial orientation (IEO), entrepreneurial orientation is a multidimensional construct with elements similar to those identified in firm-level entrepreneurial orientation. Indeed, the aforementioned study has offered some novel insights on IEO as a personal level of EO. However, the majority of them are focused on the connection between IEO and performance. Since IEO impacts people individually, it's critical to research how it influences people's attitudes and behaviors regarding vendor orientation (Koe, 2016).

2.1.3 SME business performance

The choice of indicators to measure business performance may influence the results of the relationship between Entrepreneurial orientation and performance (Lumpkin and Dess 1996; Hughes and Morgan 2007). In extant empirical works, many indicators tend to be used. 'Performance' is regularly measured in one or a combination of the following three ways: perceived financial, perceived non-financial and archival financial (Rauch, Wiklund, Lumpkin & Frese, 2009).

The results of the association between entrepreneurial approach and performance may vary depending on the measures used to quantify corporate performance (Lumpkin and Dess 1996; Hughes and Morgan 2007). Existing empirical research often employ a large number of indicators. According to Rausch, Wiklund, Lumpkin, and Frese (2009), "performance" is frequently assessed using one or more of the following three methods: perceived financial, perceived non-financial, and archival financial.

Perceived performance measures are utilized since, at the time of the survey (conducted in 2009 itself to capture enterprises' entrepreneurial attitude at that time), the majority of firms did not have archive performance figures over 2009. Numerous studies have documented the benefits of perceived performance metrics, despite the fact that they can have drawbacks in that they depend on a CEO's ability to properly judge the objective financial success of his company using a subjective proxy. For instance, Bamford et al. (2000) state that "the accuracy of such data is questionable" due to the fact that "it is quite common for entrepreneurs to refuse to divulge performance information to researchers." The precision and dependability of perceived performance measurements have been the subject of study by other scholars. Wall et al. (2004) discovered a high positive association between the subjective and objective across three distinct samples, therefore proving convergent validity.

In a study of multinational joint ventures, Geringer and Hebert (1991) discovered that there is minimal distinction between subjective and objective performance metrics. In privately owned companies, Dess and Robinson (1984) discovered a significant correlation between subjective and objective performance metrics. Sarkar et al. (2001) demonstrate similar results in entrepreneurial studies, demonstrating a strong link between archival metrics and perceived performance measures. Rauch, Wiklund, Lumpkin, and Frese's (2009) meta-analysis, which revealed no differences in the EO-performance association with perceived financial performance, perceived non-financial performance, or historical financial performance, supports these findings. Additionally, Govindarajan (1988) points out that the employment of several performance measure techniques is allowed in situations where single-measure objective data are unavailable or when there is cause to doubt the validity of the single approach (see also Dess and Robinson 1984). Thus, the research's validity and reliability has to remain unwavering while employing perceived performance methodologies.

According to Wiklund (1999), a scale for measuring the success of SMEs should include growth indicators in addition to financial performance indicators. Performance metrics from Wiklund and Shepherd (2005) are applied in this investigation. These scales were selected because to their consistency and dependability in the literature. The authors employed the following five metrics to measure business performance: cash flow, profitability, gross margin, employee growth, and sales growth rate. The firm's financial performance was rated on a 5-point Likert-type scale in the current study, with 1 denoting "extremely bad performance" and 5 denoting "excellent performance." The metrics employed were gross margin, profitability, and cash flow. Two growth metrics are utilized in this study to immediately analyze the growth in both the number of employees and the rise in turnover, in contrast to Winland and Shepherd (2005) who measure the firm's growth at two separate times in time.

2.2 Empirical review

Guerra and Camargo (2024) examined the mediating effect of learning orientation on the market orientation and business performance of industrial Small and Medium Enterprises (SMEs). Data from a survey of 309 managers of SMEs in the wine and metal-mechanic sectors in Brazil were gathered. Using structural equation modeling and confirmatory factor analysis, the study examined causal linkages and overall model fit. The survey's findings indicate that company success in the sectors under investigation and the variables of market orientation and learning orientation have a positive and substantial link. The link between market orientation and corporate performance is mediated by learning orientation.

Alam, Salleh, Masukujjaman, Al-Shaikh, Makmor, and Makhbul (2022) investigated the connection between Malay-owned SMEs in Malaysia's business performance and their entrepreneurial attitude. The goal of the project is to encourage vertical farming entrepreneurship in the framework of smart cities, acknowledging urban agriculture as a technological means of meeting growing food demands. The study does a systematic analysis of the literature using 186 publications on vertical farming that were taken from Scopus. Additionally, the descriptive statistics for this field and the primary topics identified by the authors' keywords were made visible by the bibliometric analysis. many viewpoints demonstrated the topic's interdisciplinary character and how understanding the junction of many abilities is essential to fully comprehending the issue. The themes covered by the writers and the components of the business model

were identified through the analysis of keywords. The study investigates a subject in the infancy stage in order to identify major literary subgenres.

Isichei, Agbaeze, and Odiba (2020) examined how structural infrastructure competence acts as a mediator between entrepreneurial orientation and performance in SMEs. The purpose of this study was to determine how internal management factors may help small and medium-sized firms (SMEs) actively overcome the inherent problems in their external environment and so contribute to economic growth. Using a sample of 377 SMEs from each of Nigeria's six geopolitical zones, the study used a survey design. Data were gathered using a questionnaire, and with the help of SmartPLSv3, partial least squares structural equation modeling (PLS-SEM) was utilized to analyze the results. The study discovered that SMEs' success is significantly impacted by innovativeness and proactiveness, two EO aspects. On the other hand, taking risks had no discernible impact on performance. The study discovered that the link between EO and performance is largely mediated by structural infrastructure capabilities. Given its relevance to enhancing performance, the paper offers practical implications for society, encouraging managers and SMEs' support agencies in emerging markets to prioritize internal management activities over EO. This will facilitate knowledge sharing within the organization.

Matzembacher, Gonzales, and Saldanha (2019) examined that the impact of street entrepreneurs discover on exploit opportunities in the low-tech food industry. In order to get a deeper understanding of the phenomena, this research examines the key elements of entrepreneurship, including its knowledge, motives, and inventive potential. They used to be marginalized and typically associated with informal labor, but today they engage in market activities that enable them to reach customers with more purchasing power and provide higher quality products. In-depth interviews with the proprietors of 11 food trucks were done in addition to a participant observation study that examined 44 food trucks' operations. The findings show that the first food trucks were Schumpeterian business owners, in contrast to the idea presented in the literature. But when information spread, they were no longer affected by this illness. Consequently, recommendations are made for these business owners to revert to the Schumpeterian state. By pointing out that the Schumpeterian innovation of this street entrepreneurship is extremely geographic-contextual, this research enriches theoretical

understanding. In environments where information is shared as innovation, it may result in a lower chance of company failure.

Xuhua, Kwofie, and Antwi (2018) analyzed behavioral patterns of people who are always on the move from one place to another. The objectives of this study was to advance the entrepreneurial innovations of small hotels in order to sustain growth in Ghana. Successful stories about SMEs exist but are rare. A population size of 2915 entrepreneurs operating small medium hotels across the country were zoned into three, and schematic random sampling method was used in selecting the hotels. A scale of 100% hospitality industry attitudinal variables such as Service Innovations, Process Innovations, Management Innovations and Marketing Innovations were used. Responses from small hotel managers/owners indicate that there is a strong correlation between innovative activities and patronage. We therefore, recommend small hospitalities' managers to develop their innovative abilities as a reliable path to the survival and growth of their businesses in a highly perishable and competitive business environment.

Liu and Lee (2015) examined the management scholars and tourism practitioners emphasize the importance of knowledge management to and social capital of medium and small vendors' entrepreneurial orientation. The purpose of this research was to clarify the connections between important social capital characteristics and investigate the potential mediating effect of knowledge management on the entrepreneurial inclination of medium-sized and small vendors. Using information gathered from 286 medium-sized and small merchants at night markets spread throughout several regions of Taiwan, this study tested its hypothesis. The study's findings supported the concept that social capital influences knowledge management and its application by identifying several linkages among social capital. This study also shows that knowledge management acts as a complete mediator between social capital and entrepreneurial orientation. Future directions for the study of tourist industry management and managers of medium-sized and small businesses are explored.

Taylor (2013) analyzed the relationship between entrepreneurial orientation and the internationalization of SMEs. The aim this study was to analyze the relationship between entrepreneurial orientation and the internationalization of SMEs in developing countries is an important area of academic research. This paper reviews the literature in an effort to provide an understanding of this relation. It proposes a conceptual model

of the relationship between entrepreneurial orientation and the internationalization activity of exporting, and advances a number of propositions for additional research. The paper concludes by presenting areas for future research regarding the entrepreneurial-internationalization (export performance) relationship.

Kraus, Rigtering, Hughes, and Hosman (2012) analyzed the effects of Entrepreneurial orientation on the performance of small and medium sized firms. The purpose of this study is to look at how entrepreneurial approach affects small and medium-sized businesses' performance in the midst of the present global economic downturn. Using survey data from 164 Dutch SMEs, we employ the multidimensional model of entrepreneurial orientation in this study to evaluate a number of hypotheses on its influence on performance. According to the current research, proactive company conduct helps small and medium-sized enterprises (SMEs) operate better during economic downturns. We also demonstrate that inventive SMEs may outperform less stable situations; but, in order to thrive in tumultuous times, creative SMEs must reduce risk and take precautions to avoid undertaking initiatives that carry too much risk.

Ganday, et al. (2011) examined the effect of the organizational, process, product, and marketing innovations. The goal of this paper is to investigate the effects of organizational, process, product, and marketing innovations on the various aspects of firm performance, including innovative, production, market, and financial performances. Through an integrated innovation-performance study, a theoretical framework is experimentally tested to determine the links between innovations and company performance. The findings show that innovations have a favorable impact on business success in the industrial sectors.

Table 1

Meta-Analysis Table

S. N	Date	Author	Article	Objectives	Methodology	Findings
1	2023	Kshetri	The Mediating Effects of Entrepreneurial Orientation Between Procedural Rationality and Strategic Decision-	To investigate the key factors that affect women's entrepreneurship in "small	Correlation coefficients and regression models were used.	The study indicate that economic factors have a positive influence on women's

			making Effectiveness	and cottage industries” within the Kathmandu Valley.		entrepreneurs hip.
2	2022	Bhandari, Sigdel, Rungsuk, Chumlim, and Phiewlaor	Survival of the Women Entrepreneurs During Pandemic: The Mediating Role of Competitive Advantage on Entrepreneurial Orientation and Firm Performance in Nepal	To investigate EO's influence on women-owned enterprises' performance during a pandemic and the mediating effects of competitive advantage on EO and the performance of women-owned enterprises.	Partial Least Squares Structural Equation Modeling (PLS-SEM) tests the hypothesis	Data analysis revealed that EO and competitive advantage have a significant positive relationship with the performance of women-owned enterprises. Similarly, mediation of competitive advantage exists in them.
3	2022	Alam, Salleh, Masukujjaman, -Shaikh, Makmor and Makhbul	Relationship between entrepreneurial orientation and business performance among Malay - owned SMEs in Malaysia	To investigate the effects of EO on the performance of small and medium sized firms during the current global economic crisis.	the multidimensional model of EO and test a series of hypotheses pertaining to its performance effects	Identified a significant and positive relationship between entrepreneurial orientation and business performance of SMEs.
4	2020	Isichei, Agbaeze and Odiba	Entrepreneurial orientation and performance in SMEs: The mediating role of structural infrastructure capability.	To analyze the effect of structural infrastructure capability on the relationship between entrepreneurial orientation (EO) and SMEs performance	using partial least squares structural equation modelling.	The study found that innovativeness and proactiveness, as dimensions of EO, have a significant effect on SMEs' performance. Risking-taking, however,

						showed no significant effect on performance.
5	2020	Bhandari and Amponstira	Effect of entrepreneurial orientation on profitability of women owned enterprises in Pokhara City, Nepal	To investigate the effect of entrepreneurial orientation on the profitability of women-owned enterprises in Pokhara City	Mixed research method qualitative and quantitative analysis. The primary data were obtained from an in-depth interview	The study found that entrepreneurial orientation and its various dimension (Proactiveness, Innovativeness, Risk-taking, Competitive Aggressiveness, and Autonomy) are the major influencing factors to increase the profitability of women-owned enterprises.
6	2020	Gyanwali and Walsh	Influencing factors of organizational performance in Nepal airlines corporation.	To evaluate performance influencing factors in Nepal Airlines Corporation (NAC).	mixed research method, qualitative and quantitative analysis.	Revenue generation and passenger movement rate is found with average performance. Motivated employee, entrepreneurial marketing, collective leadership, ownership feeling of government and environmental support were explored as key performance factors.

7	2019	Matzembacher, Raudsaar, Barcellos & Mets	Business models' innovations to overcome hybridity-related tensions in sustainable entrepreneurship	To investigate the degree of Entrepreneurial Orientation (EO) of twenty five manufacturing Small and Medium scale Enterprises (SMEs).	Qualitative and quantitative techniques were applied for data analysis.	Showed that entrepreneurial orientation identify innovation of street entrepreneurs is highly geographical contextual.
8	2019	Paudel	Leadership style and business performance in Nepali SMEs: The mediating role of entrepreneurship orientation	To examine effects of entrepreneurial leadership (EL) and organizational innovation (OI) on business performance (BP) of small and medium enterprises (SMEs)	Hierarchical multiple regression and correlation analysis.	The findings suggest a significant positive effect of EL on OI and BP and significant mediating role of OI in EL-BP relationship. But contrary to the prediction, the results indicate that the moderation and moderated mediation relationship are weaker under a dynamic environment than a stable environment.
9	2018	Xuhua, Kwofie, and Antwi	The influence of entrepreneurs orientations and business performance : A study of small hotels in Ghana	To examine the relationships between entrepreneurial orientation (EO) and business performances	Correlation coefficients and regression models were used.	Showed positive relationship between entrepreneurial orientation and potential growth with business performance. Showed

				of Malay-based SMEs		positive association of all the five entrepreneurial orientation dimensions with performance.
10	2015	Liu and Lee	Promoting entrepreneurial orientation through the accumulation of social capital and knowledge management	To explore the university students' level of entrepreneurial intention and the influence of individual entrepreneurial orientation (IEO) on entrepreneurial intention.	Correlation coefficients and regression models were used.	Showed significant and positive relationship between proactiveness and business performance. Showed no significant relationship among innovativeness, proactiveness and overall entrepreneurial orientation with success and profit.
11	2010	Fairoz, Hirobumi, and Tanaka	Entrepreneurial orientation and business performance of small and medium scale enterprises of Hambantota district of Srilanka.	To analyze the degree of Entrepreneurial Orientation (EO) of twenty five manufacturing Small and Medium scale Enterprises (SMEs) in Hambantota District, Sri Lanka (HDSL) and the effects of EO dimensions including proactiveness	Qualitative and quantitative techniques were applied for data analysis. Findings showed about 52% of SMEs in HDSL represented moderate level of EO	Results indicated there were positive correlations among proactiveness and EO with business performance.

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2.3 Research gap

The research aims to find out of this study's determinants that play significant role in determining the business performance to dimensions of entrepreneurial orientation. It has tried to find out the relationship between the variables. A research gap is defined as topic or area for which missing or insufficient information limits the ability to reach a conclusion for question. Although various research had done research on entrepreneurial orientation and business performance of SMEs with different variables like, Perceived market turbulence, effectiveness and growth etc. in different countries. But this study has addressed the impact of autonomy, networking, pro activeness, and innovation on business performance of SMEs in the context of Nepal. A important research gap consists in the understanding of how entrepreneurial orientation (EO) dimensions, including autonomy, proactiveness, networking, risk-taking, and innovation, collectively influence the business performance of Small and Medium Enterprises (SMEs) in Kathmandu. While existing literature extensively explores this relationship in developed economies, there is a dearth of empirical research tailored to the unique socio-economic and cultural context of Kathmandu's emerging market environment. Furthermore, studies often overlook the interplay among EO dimensions and fail to consider the moderating and mediating factors that may influence their impact on SME performance in Kathmandu. Addressing these gaps is crucial for advancing theoretical understanding and providing practical insights to policymakers, industry practitioners, and entrepreneurs aiming to enhance SME competitiveness and sustainability in Kathmandu and similar emerging market settings.

CHAPTER III

RESEARCH METHODS

This chapter presents the research model and the research methodology that directed the study. The methodology involves procedures employed to assemble, select, and analyze the data. The research design, nature and sources of data, population and sampling methods, and data collection and analysis metrics used are described in this chapter. Furthermore, the research hypotheses for this research are formulated.

3.1 Research design

The descriptive and causal comparative research design has applied in this research. This study has analyzed the connection between free factors like: creativity, organizing, pro-activeness, advancement and pioneering direction at merchants in Kathmandu. Subjective information has gathered in this study by employing primary data which has collected from survey questionnaire. The study has based on statistical test such as correlation, regression analysis etc. Considering the purpose and requirements of this research, the

3.2 Population and sample and sampling design

The population of the study involved entrepreneurs who holds SMEs from Kathmandu Metropolitan city in Bagmati Province, Nepal. Convenience sampling methods which is a non-probability sampling method was implemented. And the only online medium used for data collection. In this study 425 questionnaires were issued, out of distributed question 410 sample responses were successfully collected.

3.3 Sources of data

The data has collected through the entrepreneurs of SMEs around the spotted over the Kathmandu valley. Primary data has been used for the study. For the data collection procedure, structured questionnaire using the five-point Likert Scale, which is widely used rating scale that requires respondent to indicate a degree of agreement to disagreement with series of statement. Data has been obtained directly from the field of respondents. To evaluate entrepreneurial orientation, two items has extracted from (Taylor, 2013). Four variables have used to measure entrepreneurial orientation of

SMEs. The questionnaire has divided in to three sections. The first include demographic, second section includes independent and dependent variables.

3.4 Data collection method

A survey questionnaires enables uniformity and consolidation of results. As such, a web-based structured survey method was employed using the Google Forms survey platform.

Likert scale questions were employed for answering the survey questions. The participants could decide if they agree or disagree with the query by using a Likert scale extending from 1 to 5 to assess and show their conduct towards the designed questions. Likewise, the questionnaire items were drawn from prior studies and validated and modified to fit the investigation.

3.5 Data analysis

The acquired data were inputted into Microsoft Excel before being exported to SPSS for statistical analysis. In the study's data analysis, IBM SPSS Statistics 23 was employed. The researcher conducted a descriptive analysis of the data before any inferential statistical testing. Later, to assess the reliability of the research instrument, Cronbach's Alpha was applied. Finally, correlations and multiple regression analysis (MRA) were implemented to assess the proposed hypotheses.

3.5.1 Descriptive analysis

In the descriptive analysis, the aspects that were examined comprise Central tendency (mean) and variability (standard deviation) are measured. Tables are utilized to categorize and summaries the data.

Mean

The value that represents the group of values and provides information about the concentration of values in the middle of the distribution is called the mean. We get a point from an average that best represents the data. It portrays the traits shared by the whole group. Between the two extreme observations of the whole data set is where the arithmetic mean value is found. It is a messenger for the homogenous bulk of info.

By adding up each item and dividing the sum by the total number of things, the AM's value can be found.

Mathematically,

Arithmetic Means (AM) is given by,

$$\bar{X} = \frac{\sum x}{n}$$

Where,

X=Arithmetic Mean

$\sum X$ = Sum of all the values of the variable X

n= Number of observation

Standard Deviation

The absolute dispersion is measured by the standard deviation (σ). The size of the values' departures from their mean will increase with increasing standard deviation. High levels of observational consistency and series homogeneity are indicated by small standard deviations, and vice versa.

Mathematically,

$$\sigma = \sqrt{\frac{1}{n} \sum (X - \bar{X})^2}$$

3.5.2 Inferential analysis

For the objectives of this study, it was essential to analyze data using quantitative research design with the use of correlation and multiple regression analysis to explore relationships, assemble data, and execute statistical tests using SPSS software.

First, correlation analysis was used to analyses the extent and the nature of relationships between different factors. MRA was afterwards employed to thoroughly assess the statistical significance of the expected relationships between the study components. (Sykes, 1993).

Correlation Coefficient (r)

Correlation is the term used to describe the right statistical methods used to uncover, measure, and express a quantitative connection in a concise formula. A positive

correlation exists when there is a direct proportionality between the values of the variables. In contrast, if the variable values are inversely proportionate, the correlation is considered to be negative; nonetheless, Karl Pearson states that the correlation coefficient always stays between +1 and -1. The simple correlation coefficient (between two variables, for example, X and Y) is given by,

$$r_{xy} = \frac{\text{cov}(X, Y)}{\sigma_X \sigma_Y}$$

$$r_{xy} = \frac{N \sum XY - \sum X \sum Y}{\sqrt{N \sum X^2 - (\sum X)^2} \sqrt{N \sum Y^2 - (\sum Y)^2}}$$

Where, r_{xy} is the correlation between two variables X and Y, 'r' lies always between +1 and -1

When 'r' = +1, there is perfect positive correlation.

When 'r' = -1, there is perfect negative correlation.

When 'r' = 0, there is no correlation.

When 'r' lies between 0.7 to 0.999 (or -0.7 to -0.999) there is high degree of positive or negative correlation.

When 'r' lies between 0.5 and 0.699, there is a moderate degree of correlation.

When 'r' is less than 0.5, there is low degree of correlation.

Regression Analysis

The statistical method that allows us to predict an unknown variable's value from a known value of any other variable is called regression. We may estimate the value of one variable from the value of another, assuming that the two variables are tightly connected. The one whose value is known is known as the independent variable, and the one whose value has to be estimated is known as the dependent variable. Therefore, regression uses a specific amount of change in one variable to predict the average likely change in another. By establishing an estimated functional connection

between the variables, it is a statistical method for identifying the link between the variables. It is used to ascertain whether or not the provided independent variable has an impact on the dependent variable.

A popular application of statistical theory in almost all scientific fields is regression analysis.

Model specification

Formulated on the proposed research model, the statistical multiple regression model was developed as follows:

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$$

Where,

α_1 = Constant intercept of the regression and $\beta_1, \beta_2, \beta_3, \beta_4$ are the coefficient of regression

Y = Business performance of SMEs

X_1 = Autonomy

X_2 = Networking

X_3 = Pro activeness

X_4 = Innovation

X_5 = Risk-taking

e_i = Error term

3.5.3 Reliability and validity

The reliability of the items was assessed using Cronbach's alpha test, which is the most common method used to test reliability according to Bryman and Bell(2011). The test was carried out using SPSS IBM Program, version 23.

Variables	No. of items	Cornbach Alpha
Autonomy	4	0.933
Networking	4	0.941
Pro activeness	4	0.895
Innovation	5	0.807
Risk-taking	4	0.886
Business performance of SMEs	4	0.838
Overall	25	0.882

The cornbach alpha of each variable is higher than 0.70 which means the data are reliable. Churchill Jr. (1979) stated that a rating exceeding 0.70 signifies a high-level reliability, whereas a rating above 8 is good, provided other indicators of validity are good, but the rating should not be below 0.70.

3.6 Research framework and definitions of terms

The research framework deals with the identified variables of the study. The study has fthis study's main constructs and a dependent variable. The paper will take business performance as dependent variable. The study will employ autonomy as an independent variable from the reference of Olannye and Eromafuru (2016). The paper has applied entrepreneurial orientation as dependent variable from the reference Fairoz, Hirobumi, and Tanaks, (2010). The study has operationalized entrepreneurial dimension by using autonomy, Networking from the reference Tylor (2013) whereas pro activeness and innovation from the reference Fairoz, Hirobumi, and Tanaka, 2010. A research framework has been able to help focus on the variables in the study. The research framework of the study is in Figure 1.

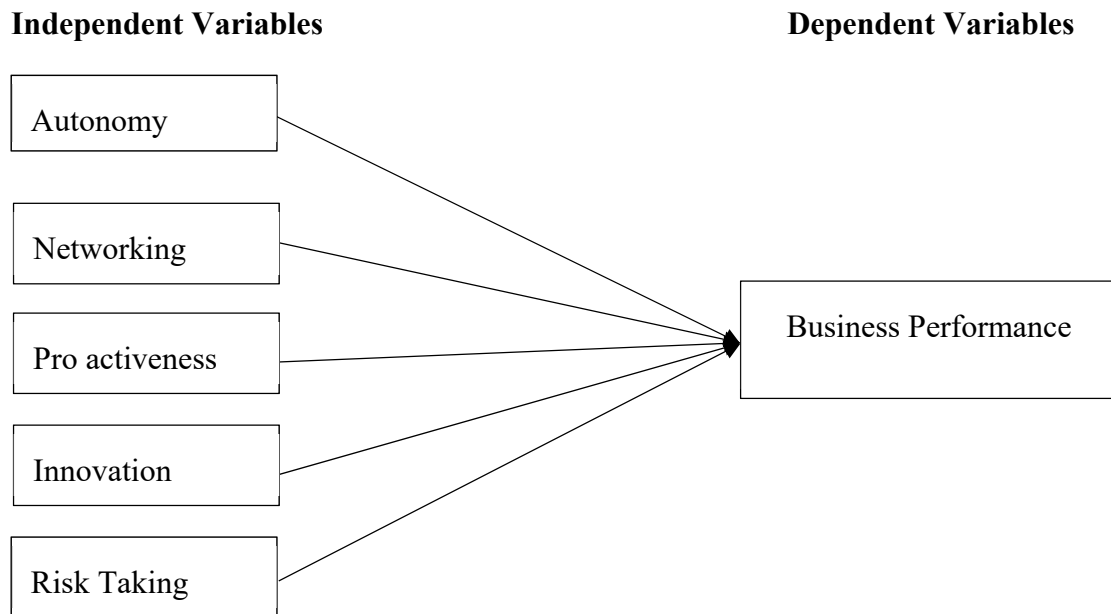


Figure 1 Research Framework

Source: Fairoz, Hirobumi, and Tanaka (2010)

3.6.1 Definitions of terms

Autonomy

Autonomy is the capacity to make an informed un-coerced decision. Autonomous organization or institutions are independent or self-governing (Alam, et al., 2022). Autonomy can also be defined from human resource perspective and it means a level of discretion granted to an employee in his/her work. The importance of autonomy is suggested by research on entrepreneurial motivation and satisfaction, as well as by a range of societal trends that favor increased self-reliance (Taylor, 2013).

Pro-activeness

Pro-activeness refers to a vendor anticipating and acting on future wants and needs in marketplace (Kropp et al, 2005), in order to create a first-mover advantage ahead of the competition (Lumpkin & Dess, 2001). It is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services before competition. Miller (1983) described an entrepreneurial orientation to develop proactive innovations (Baker & Sinkula, 2009). Proactive behavior involves acting in advance of future situations, rather than just adjusting to a situation, rather than just reacting (Solikhan & Mohammad, 2019). It means taking control and making things

happen than just adjusting to a situation or waiting for something to happen (Taylor, 2013). Proactivity is not restricted to extra role performance behaviors. Becoming a successful entrepreneur requires many skills. One of the key components of being an entrepreneur is planning ahead. We should need to know own business inside and outside. There are many aspects that we cannot control in the real world-that is the reality of being an entrepreneur. However, we can maintain some control by being proactive (Miller, 1983).

Networking

Networking is a socioeconomic business activity by which business people and entrepreneurs meet to form a business relationships and to recognize, create, or act upon business opportunities, share information and seek potential partners for ventures. Business networking is most effective technique to create referrals and build a sustainable and successful business. Referrals attained networking are mostly experts of the industry and in most cases even pre-qualified (Taylor, 2013).

Following up these on these referrals/leads and turning them in to clients make a business goals easier to achieve. Leads from networking are often much resourceful than those forms of marketing. Growth in business from networking is the chief benefit, however, there are many more as well (Taylor, 2013).

Innovation

Innovation is a key component of an entrepreneurial orientation since it demonstrates the seriousness with which companies pursue new opportunities. According to Baker and Sinkula (2009), innovation demonstrates a fundamental openness to stray from conventional wisdom or existing technology and promote the state of the art. Innovation is the capacity of a vendor to imaginatively spark and foster new concepts, trials, and creative processes that might result in the development of new products, services, technological breakthroughs, or the exploration of untapped markets (Li, 2012). Innovation and entrepreneurship are pertinent in a wide range of sustainable business environments. These are essentials for new businesses to succeed that are offering creative answers to pressing social or environmental issues. Innovation and entrepreneurship are also very important for well-established companies. Innovative entrepreneurship has received special attention as policymakers combine their efforts

to overcome the global economic and financial crisis and restore growth. This is because innovative entrepreneurship has the potential to significantly impact economic growth, job creation, poverty alleviation, and other important areas.

Risk-taking

Firm decision determines how much risk a company is willing to accept when an opportunity presents itself. It might be difficult for managers of SMEs to take risks as they frequently lack the resources and ability to get qualitative data that would support their decisions (Agu et al., 2018). Risk-taking among Ghanaian craftsmen was shown by Rosemond et al. (2012) to be modest and not significantly correlated with performance. Similar findings were made by Naldi et al. (2007) and Kallmuenzer and Peters (2018), who discovered that performance was not strongly impacted by taking risks. On the other hand, risk-taking was found to be significantly correlated with performance by Al-Swidi and Al-Hosam (2012). In a similar vein, Mwaura et al. (2015) shown that performance is significantly impacted by taking risks.

Business performance

The measurement of small and medium-sized enterprise (SME) performance is a crucial topic, especially in the field of entrepreneurship research, as it enables scholars and industry professionals to investigate and determine strategies for expanding SME growth and contributing significantly to the economy (Alam et al., 2022). "The evaluation of the results of a particular behavior within a specific context" is one definition of performance. It may also be understood as the consequence of any activity or the action's conclusion. Studies on business performance are advised to include both financial and nonfinancial measurement constructs, which take into account every facet of a firm's performance, in order to improve the interpretation of the findings. In the literature on entrepreneurship, measuring financial success is typically operationalized in terms of business growth (Xuhua, Kwofie, & Antwi, 2018).

CHAPTER IV

RESULTS AND DISCUSSION

Through an empirical analysis of the information gathered from the respondents, this chapter seeks to accomplish the study's goals. The goal of this chapter is to summarize the findings from the study technique and data analysis covered in chapter three. Based on the study questions and hypotheses, the data findings are examined. The research attempted to investigate the impact of entrepreneurial approach on SMEs' business success using primary data collected from 410 respondents. This chapter covers the respondents' demographic profile, variable descriptive statistics, hypothesis testing, and a discussion of the analytically-derived results. Basic details including gender, educational attainment, and prior job experience as an entrepreneur were summed up in the respondent's profile. The study variables' associated items' mean value, standard deviations, correlation, and regression are examined under the analysis section. Lastly, a discussion of the hypothesis is held in order to achieve the study's goals. To make the data easier to understand, they are provided in tables.

4.1 Demographic profile of respondents

The demographic analysis and interpretation of the gathered data are covered in this section. For the survey, 410 participants were chosen, and each participant works for a bank. This part includes a demographic profile that includes information about age, gender, education level, and job experience. The respondent's demographic profile is displayed in the table.

4.1.1 Age of respondents

The Age of respondents is classified into below 20, 21-30, 31-40 and above 40. The frequency distribution and percentage composition of different genders is shown in Table 2.

Table 2

Age of respondents

Age	Frequency	Percent
below 20	44	10.8
21-30	113	27.6
31-40	160	39.1
above 40	92	22.5
Total	410	100.0

Source: Primary Survey, 2024

Table 2 displays the distribution of individuals based on their age. The Table 2 presents four age categories: below 20, 21-30, 31-40, and above 40. The data reveals that the largest age group is between 31 and 40 years, with 160 individuals, accounting for 39.1% of the total sample. The second-largest group is the 21-30 age range, with 113 individuals (27.6%). The above 40 age group has 92 individuals (22.5%), and the below 20 age group consists of 44 individuals (10.8%). In total, the table summarizes information for 410 individuals.

4.1.2 Gender of respondents

The gender of respondents is classified into male, female and others. The frequency distribution and percentage composition of different genders is shown in Table 3.

Table 3

Gender of respondents

Gender	Frequency	Percent
Male	218	53.3
Female	191	46.7
Total	410	100.0

Source: Primary Survey, 2024

4.1.3 Marital status of respondents

The marital status of respondents is classified into married and unmarried. The frequency distribution and percentage composition of different genders is shown in Table 4.

Table 4

Marital status of respondents

Marital status	Frequency	Percent
Married	202	49.4
Unmarried	207	50.6
Total	410	100.0

Source: Primary Survey, 2024

Table 4 presents the distribution of individuals based on their gender. The table includes two categories: Male and Female. The data reveals that the majority of respondents in the sample are male, with 218 individuals representing 53.3% of the total. The female category comprises 191 individuals, accounting for 46.7% of the sample. In total, the table summarizes information for 410 individuals.

4.1.4 Business experience of respondents

The business experience of respondents is classified into less than 2 years, 3 to 5 years, 6 to 8 years and more than 9 years. The frequency distribution and percentage composition of business experience of respondents in bank is shown in Table 5.

Table 5

Business experience

Business experience	Frequency	Percent
Less than 2	92	22.5
3 to 5	128	31.3
6 to 8	130	31.8
9 and above	59	14.4
Total	410	100.0

Source: Primary Survey, 2024

Table 5 displays the distribution of individuals based on their level of business experience. The table presents four experience categories: Less than 2 years, 3 to 5 years, 6 to 8 years, and 9 and above. The data shows that the largest group consists of individuals with 6 to 8 years of business experience, with 130 individuals, representing 31.8% of the total sample. The next largest group is individuals with 3 to 5 years of experience, comprising 128 individuals (31.3%). The category of individuals with less than 2 years of experience includes 92 individuals (22.5%), while the group with 9 or more years of experience consists of 59 individuals (14.4%). In total, the table summarizes information for 410 individuals.

4.1.5 Education status of respondents

The education status of respondents is classified SEE/SLC or Below, Intermediate, Bachelor and Master or above. The frequency distribution and percentage composition of different education level of respondents is shown in Table 6.

Table 6

Education Level

Education Level	Frequency	Percent
SEE/SLC or Below	53	13.0
Intermediate	110	26.9
Bachelor	159	38.9
Master and above	87	21.3
Total	410	100.0

Source: Primary Survey, 2024

Table 6 presents the distribution of individuals based on their education level. The table includes four education categories: SEE/SLC or Below, Intermediate, Bachelor, and Master and above. The data reveals that the largest education group is individuals with a Bachelor's degree, comprising 159 individuals and representing 38.9% of the total sample. The next largest group is individuals with Intermediate level education, with 110 individuals (26.9%). The category of individuals with SEE/SLC or Below education consists of 53 individuals (13.0%), while the group with a Master's degree or

above includes 87 individuals (21.3%). In total, the table summarizes information for 410 individuals.

4.1.6 Establishment of your enterprise

The establishment of your enterprise is classified into yourself, parents, purchased and others. The frequency distribution and percentage composition of establishment of your enterprise of respondents is shown in Table 7.

Table 7

Establishment of your enterprise

Establishment of your enterprise	Frequency	Percent
Yourself	153	37.4
Parents	118	28.9
Purchased	93	22.7
Others	45	11.0
Total	410	100.0

Source: Primary Survey, 2024

Table 7 displays the distribution of individuals based on the establishment of their enterprises. The table presents four establishment categories: Yourself, Parents, Purchased, and Others. The data reveals that the largest group consists of individuals who established their enterprises themselves, with 153 individuals representing 37.4% of the total sample. The next largest group is individuals whose enterprises were established by their parents, comprising 118 individuals (28.9%). The category of individuals who purchased an existing enterprise includes 93 individuals (22.7%), while the group of individuals whose enterprises were established through other means consists of 45 individuals (11.0%). In total, the table summarizes information for 410 individuals.

4.2 Descriptive statistics

This section of the study describes the descriptive analysis of the information gathered from respondents via questionnaires throughout the investigation. Descriptive analysis uses statistical metrics and methods to provide an explanation for the data. The three

statistical metrics are the standard deviation, mean, and frequency. The tabular version of this mean and standard deviation is displayed. Bank workers were asked "Five Point Likert Scale" items for this survey, which ranged from:

- 1- Strongly Disagree
- 2- Disagree
- 3- Neutral
- 4- Agree
- 5- Strongly Agree

4.2.1 Autonomy

Four questions were asked regarding the autonomy. Table 9 shows the rating scale of respondents in the four questions.

Table 8

Autonomy

Statements	N	Minimum	Maximum	Mean	Std. Deviation
The firm enables the passing of entrepreneurial ideas generated by members of firms to manage.	410	1.00	5.00	3.4474	1.05617
The majority of my position requires routine tasks.	410	1.00	5.00	3.4499	1.17701
The firm autonomy orientation gives a positive result to the business performance.	410	1.00	5.00	3.5232	1.15473
I am given opportunities for professional growth and development.	410	1.00	5.00	3.6308	1.15178

Source: Primary Survey, 2024

Table 8 shows the statements related to autonomy and their corresponding mean and standard deviation (SD). The statement with the highest mean is "I am given opportunities for professional growth and development," which has a mean of 3.6308. This indicates that, on average, individuals in the sample perceive that they are provided

with opportunities for their professional growth and development within their organization.

On the other hand, the statement with the lowest mean is "The firm enables the passing of entrepreneurial ideas generated by members of firms to manage," which has a mean of 3.4474. This suggests that, on average, individuals perceive a relatively lower level of support for the passing of entrepreneurial ideas within their organization. Standard deviation (SD) measures the dispersion or variability of the responses around the mean. In this case, we can see that the SD values range from approximately 1.05617 to 1.17701, indicating a moderate level of variability in responses for these autonomy-related statements within the sample.

4.2.2 Risk taking

Four questions were asked regarding the risk taking. Table 9 shows the rating scale of respondents in the four questions.

Table 9

Risk Taking

Statements	N	Minimum	Maximum	Mean	Std. Deviation
My enterprise typically adopts a bold, aggressive posture to maximize the probability of exploiting potential opportunities.	410	1.00	5.00	3.5061	1.14429
I have a strong preference for high-risk projects.	410	1.00	5.00	3.5550	1.13868
I believe that, owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives with decision making situations involving uncertainty.	410	1.00	5.00	3.4425	1.19116
Risk-Taking orientation of the enterprise influence the performance of my firm.	410	1.00	5.00	3.5648	1.17420

Source: Primary Survey, 2024

Table 9 presents information related to risk-taking and includes the mean and standard deviation (SD) for each statement. The statement with the highest mean is "Risk-Taking orientation of the enterprise influence the performance of my firm," which has a mean of 3.5648. This suggests that, on average, individuals in the sample perceive that the risk-taking orientation of their enterprise has a significant influence on the firm's performance.

The statement with the lowest mean is "My enterprise typically adopts a bold, aggressive posture to maximize the probability of exploiting potential opportunities," which has a mean of 3.5061. This indicates that, on average, individuals perceive a slightly lower level of bold and aggressive posture in their enterprise for maximizing potential opportunities. Standard deviation (SD) measures the dispersion or variability of the responses around the mean. In Table 9, the SD values range from approximately 1.13868 to 1.19116, indicating a moderate level of variability in responses for these risk-taking-related statements within the sample.

4.2.3 Networking

Four questions were asked regarding networking of entrepreneur. Table 10 shows the rating scale of respondents in the four questions.

Table 10

Networking

Statements	N	Minimum	Maximum	Mean	Std. Deviation
My enterprise is building trust in the society.	410	1.00	5.00	3.4890	1.21490
My enterprise is able to identify the need of customer in society.	410	1.00	5.00	3.8289	1.11366
My enterprise can work with collaborating different organization.	410	1.00	5.00	3.7897	1.13319
My enterprise can act as agent to supply different goods to other company.	410	1.00	5.00	3.5941	1.13179

Source: Primary Survey, 2024

Table 10 presents information related to networking, including the mean and standard deviation (SD) for each statement. The statement with the highest mean is "My enterprise is able to identify the need of the customer in society," which has a mean of 3.8289. This suggests that, on average, individuals in the sample perceive that their enterprise has the ability to identify and understand the needs of customers in society.

The statement with the lowest mean is "My enterprise is building trust in society," which has a mean of 3.4890. This indicates that, on average, individuals perceive a slightly lower level of trust-building by their enterprise in society. Standard deviation (SD) measures the dispersion or variability of the responses around the mean. In Table 10, the SD values range from approximately 1.11366 to 1.21490, indicating a moderate level of variability in responses for these networking-related statements within the sample.

4.2.4 Pro- activeness

Four questions were asked regarding Pro- activeness of entrepreneur. Table 11 shows the rating scale of respondents in the four questions.

Table 11

Pro- activeness

Statements	N	Minimum	Maximum	Mean	Std. Deviation
The firm takes responsibility and does whatever it takes to ensure an entrepreneurial venture produces successful outcome.	410	1.00	5.00	3.4450	1.19334
My enterprise proactively pursues market opportunities.	410	1.00	5.00	3.6406	1.10499
My enterprise involves in proactive orientation which influence the business performance.	410	1.00	5.00	3.6479	1.15396
My enterprise is responsive to change in business performance as need of customer.	410	1.00	5.00	3.6822	1.18268

Source: Primary Survey, 2024

Table 11 presents information related to proactiveness, including the mean and standard deviation (SD) for each statement. The statement with the highest mean is "My enterprise is responsive to change in business performance as the need of the customer," which has a mean of 3.6822. This suggests that, on average, individuals in the sample perceive that their enterprise is responsive and adaptable to changes in business performance based on the needs of customers.

The statement with the lowest mean is "The firm takes responsibility and does whatever it takes to ensure an entrepreneurial venture produces a successful outcome," which has a mean of 3.4450. This indicates that, on average, individuals perceive a slightly lower level of the firm taking complete responsibility and doing whatever it takes to ensure the success of entrepreneurial ventures. Standard deviation (SD) measures the dispersion or variability of the responses around the mean. In Table 11, the SD values range from approximately 1.10499 to 1.19334, indicating a moderate level of variability in responses for these proactiveness-related statements within the sample.

4.2.5 Innovation

Five questions were asked regarding innovation of entrepreneur. Table 12 shows the rating scale of respondents in the five questions.

Table 12

Innovation

Statements	N	Minimum	Maximum	Mean	Std. Deviation
In general, my firm favor a strong emphasis on Research & Development, technological leadership, and innovations.	410	1.00	5.00	3.4083	1.15344
In the past 5 years my firm has introduced many new lines of products or services.	410	1.00	5.00	3.5819	1.19794
In the past 5 years, changes in our products or service lines have been quite dramatic.	410	1.00	5.00	3.5917	1.11892
My enterprise is good at developing new processes compared with competitors.	410	1.00	5.00	3.7555	1.14570
Innovativeness of the company gives positive results to the business performance.	410	1.00	5.00	3.6039	1.22458

Source: Primary Survey, 2024

Table 12 presents information related to innovation, including the mean and standard deviation (SD) for each statement. The statement with the highest mean is "My enterprise is good at developing new processes compared with competitors," which has a mean of 3.7555. This suggests that, on average, individuals in the sample perceive that their enterprise excels in developing new processes compared to their competitors.

The statement with the lowest mean is "In general, my firm favors a strong emphasis on Research & Development, technological leadership, and innovations," which has a mean of 3.4083. This indicates that, on average, individuals perceive a slightly lower level of emphasis on research and development, technological leadership, and

innovations within their firm. Standard deviation (SD) measures the dispersion or variability of the responses around the mean. In Table 12, the SD values range from approximately 1.11892 to 1.22458, indicating a moderate level of variability in responses for these innovation-related statements within the sample.

4.2.6 Element of SMEs business performance

Four questions were asked regarding SMEs Business performance. Table 13 shows the rating scale of respondents in the four questions.

Table 13

Element of SMEs Business performance

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Motivation, networking and innovation help me to better performance.	410	1.00	5.00	3.5550	1.24952
I have clear idea about my business and ventures.	410	1.00	5.00	3.6773	1.19578
I have enough market for my ventures.	410	1.00	5.00	3.6357	1.12972
I want to extend varieties and services for better performance.	410	1.00	5.00	3.6919	1.20983

Source: Primary Survey, 2024

Table 13 presents information related to elements of SMEs (Small and Medium Enterprises) business performance, including the mean and standard deviation (SD) for each statement. The statement with the highest mean is "I want to extend varieties and services for better performance," which has a mean of 3.6919. This suggests that, on average, individuals in the sample express a desire to expand the range of products or services offered by their ventures to achieve better business performance.

4.2.7 Mean and standard deviation of all variables

The mean and standard deviation of independent and dependent variables are shown in Table 14.

Table 14

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Autonomy	410	1.25	5.00	3.5128	.65257
Risk Taking	410	1.00	5.00	3.5171	.71765
Networking	410	1.00	5.00	3.6754	.72461
Pro- activeness	410	1.00	5.00	3.6039	.69502
Innovation	410	1.20	5.00	3.5883	.66041
SMEs Business performance	410	1.50	5.00	3.6400	.71901

Source: Primary Survey, 2024

Table 14 presents descriptive statistics for different variables: Autonomy, Risk Taking, Networking, Pro-activeness, Innovation, and SMEs Business performance. For the Autonomy variable, the mean is 3.5128, indicating that, on average, respondents perceive a moderate level of autonomy in their organizations. The standard deviation is 0.65257, suggesting a relatively low variability in responses regarding autonomy. Similarly, for the Risk Taking variable, the mean is 3.5171, suggesting a moderate level of risk-taking behavior within the organizations. The standard deviation is 0.71765, indicating some variability in responses related to risk-taking.

In terms of Networking, the mean is 3.6754, indicating that, on average, respondents perceive a moderate level of networking activities within their organizations. The standard deviation is 0.72461, suggesting some variability in responses regarding networking. For the Pro-activeness variable, the mean is 3.6039, indicating a moderate level of proactiveness within the organizations. The standard deviation is 0.69502, indicating some variability in responses related to proactiveness. Regarding Innovation, the mean is 3.5883, suggesting a moderate level of emphasis on innovation within the organizations. The standard deviation is 0.66041, indicating some variability in

responses related to innovation. Lastly, for the SMEs Business performance variable, the mean is 3.6400, indicating a moderate level of perceived business performance among the respondents. The standard deviation is 0.71901, suggesting some variability in responses related to SMEs business performance.

4.3 Inferential analysis

This section's goal is to outline the methodology for evaluating the empirical data and testing the hypotheses developed in the preceding chapter. Through the application of inferential statistics, researchers can draw conclusions or extrapolate findings from sample data to the entire population. It makes it possible to infer population values from one or more observational samples. To ascertain whether observed differences between groups or variables are true or the result of random variation, inferential analysis tests hypotheses. It generates new data by extrapolating generalizations and predictions from samples. There are two analytic tools in this section, which are:

4.3.1 Correlation analysis

Correlation Analysis between variables was studied to find relations among them. Pearson's Correlation analysis is used to determine the relation between various independent and dependent variables associated with the research. It measures the linear correlation between any two variables.

Table 15

Correlation Analysis

	SME	AU	RT	NW	PA	IN
SME	1					
AU	.304**	1				
RT	.314**	.293**	1			
NW	.330**	.319**	.324**	1		
PA	.267**	.350**	.347**	.388**	1	
IN	.301**	.291**	.266**	.330**	.317**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

Table 15 presents the correlation coefficients (Pearson's correlation) between the independent variables (Autonomy, Risk Taking, Networking, Pro-activeness, and Innovation) and the dependent variable (SMEs Business performance). The correlation coefficient measures the strength and direction of the linear relationship between two variables, with values ranging from -1 to +1.

Autonomy (AU) has a positive and significant correlation with SMEs Business performance (SME) with a correlation coefficient of 0.304 and p-value is less than 0.01. This indicates that as the level of autonomy increases, there is a tendency for higher SMEs Business performance. Similarly, Risk Taking (RT) also has a positive and significant correlation with SMEs Business performance (SME) with a correlation coefficient of 0.314 and p-value is less than 0.001. This suggests that higher levels of risk-taking behavior are associated with better SMEs Business performance.

Likewise, Networking (NW) shows a positive and significant correlation with SMEs Business performance (SME) with a correlation coefficient of 0.330 and p-value is less than 0.001. This suggests that organizations with better networking activities tend to have higher SMEs Business performance. In the same ways, Pro-activeness (PA) demonstrates a positive and significant correlation with SMEs Business performance (SME) with a correlation coefficient of 0.267 and p-value is less than 0.001. This indicates that higher levels of reactiveness are associated with better SMEs Business performance. At last, Innovation (IN) shows a positive and significant correlation with SMEs Business performance (SME) with a correlation coefficient of 0.301 and p-value is less than 0.001. This suggests that organizations emphasizing innovation tend to have higher SMEs Business performance.

4.3.2 Regression analysis

Regression analysis makes the assumption that there is a causal link between two or more variables, whereas correlation analysis makes no such assumption. The effects of one independent variable on one dependent variable are displayed by simple linear regression, but the effects of several independent factors on one dependent variable are displayed by multiple linear regression. The degree of association between two variables is all that correlation analysis can reveal. Regression analysis is therefore performed in order to gain a deeper comprehension of the degree of correlation between two or more variables. The influence of several independent factors on a single

dependent variable is examined using multiple regression analysis. Consequently, the influence of several independent factors on the commercial performance of SMEs in Kathmandu is examined using multiple regression analysis. The statistical multiple regression model was created using the suggested research approach and went like this:

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$$

Where,

α_1 = Constant Intercept of the Regression and $\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are the coefficient of regression

Y = Business performance of SMEs

X_1 = Autonomy

X_2 = Networking

X_3 = Pro activeness

X_4 = Innovation

X_5 = Risk-taking

e_i = Error term

The results of model summary, analysis of variance (ANOVA) and beta coefficients of impact of independent variables entrepreneurial orientation on business performance of SMEs are presented in the following tables

Table 16

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.954 ^a	.910	.894	2.64456

a. Predictors: (Constant), IN, RT, AU, NW, PA

Source: SPSS Output

Table 16 provides the Model Summary of the regression analysis conducted on the relationship between the independent variables (Autonomy, Risk Taking, Networking, Pro-activeness, and Innovation) and the dependent variable (SMEs Business performance). The model summary provides several important statistical measures that assess the overall quality and effectiveness of the regression model. R Square represents the proportion of variance in the dependent variable that can be explained by the

independent variables. In this model, R Square is 0.910, meaning that approximately 91.00% of the variance in SMEs Business performance can be explained by the independent variables.

Adjusted R Square accounts for the number of predictors in the model and adjusts for the sample size. The adjusted R Square in this model is 0.894, indicating that around 89.4% of the variance in SMEs Business performance can be explained by the independent variables, considering the number of predictors and sample size. Std. Error of the Estimate provides an estimate of the average distance between the observed and predicted values. In this case, the standard error of the estimate is 2.64456.

Table 17

ANNOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.496	5	8.699	20.939	.000 ^b
	Residual	167.428	404	.415		
	Total	210.924	409			

a. Dependent Variable: SME

b. Predictors: (Constant), IN, RT, AU, NW, PA

Source: SPSS Output

Table 17 presents the ANOVA (Analysis of Variance) results for the regression model conducted on the impact of the independent variables (Autonomy, Risk Taking, Networking, Pro-activeness, and Innovation) on the dependent variable (SMEs Business performance). The ANOVA table provides information about the variance explained by the regression model and the significance of the model. It indicates the probability of obtaining the observed F-value by chance alone. In this case, the p-value is .000, which is less than the typical significance level of .05. Thus, the regression model is considered statistically significant.

Table 18

Coefficient

Model		Unstandardized		Standardized		Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta	t	
1	(Constant)	1.155	.248		4.650	.000
	AU	.158	.055	.144	2.898	.004
	RT	.163	.049	.162	3.288	.001
	NW	.163	.051	.164	3.217	.001
	PA	.052	.053	.050	.979	.328
	IN	.159	.053	.146	2.975	.003

a. Dependent Variable: SME

Source: SPSS Output

Table 18 displays the coefficient estimates for the regression model conducted on the impact of the independent variables (Autonomy, Risk Taking, Networking, Pro-activeness, and Innovation) on the dependent variable (SMEs Business performance). Among the independent variables, Autonomy (AU), Risk Taking (RT), Networking (NW), and Innovation (IN) have statistically significant coefficients with p-values of .004, .001, .001, and .003, respectively. These variables contribute significantly to explaining SMEs Business performance. Pro-activeness (PA) does not have a statistically significant coefficient (p-value > .05), suggesting it may not have a significant impact on the dependent variable.

Table 18 also shows a one-unit increase in Autonomy is associated with a predicted increase of 0.158 units in SME business performance, considering all other independent variables unchanged. Similarly, a one-unit increase in Risk Taking and Networking is associated with a predicted increase of 0.163 units in SME business performance. The Pro-activeness variable, however, has a smaller effect, where a one-unit increase is associated with a predicted increase of only 0.052 units in SME business performance. Finally, Innovation has a stronger impact, with a one-unit increase being associated with a predicted increase of 0.159 units in SME business performance.

4.4 Discussion

The demographic breakdown of a sample of 410 individuals is presented across several categories. In terms of age distribution, the largest group falls within the 31-40 age range, constituting 39.1% of the sample, followed by those aged 21-30 (27.6%). Gender distribution shows a slight majority of males at 53.3%. Regarding business experience, individuals with 6 to 8 years of experience are the most prevalent (31.8%). Education level indicates that Bachelor's degree holders form the largest group (38.9%). Finally, in terms of enterprise establishment, self-establishment is most common (37.4%), followed by enterprises established by parents (28.9%).

This study found autonomy has a positive and significant correlation with SMEs Business performance. This finding is in line with Xuhua et al. (2018) who found that autonomy has a positive and significant correlation with SMEs Business performance. Also, this study found autonomy has a significant impact on SMEs Business performance. This finding is inconsistent with Kraus et al. (2012) who found that the autonomy has an insignificant impact on SMEs Business performance.

Similarly, this study found risk taking also has a positive and significant correlation with SMEs Business performance. This finding is inconsistent with Kraus et al. (2012) found that risk taking also has a positive and insignificant correlation with SMEs Business performance. Also, this study found risk taking also has a significant impact on SMEs Business performance. This finding is consistent with Alam, et al. (2022) found that the risk taking also has a significant impact on SMEs Business performance.

In the same way, this study found networking also has a positive and significant correlation with SMEs Business performance. This finding is inconsistent with Matzembacher et al. (2019) found that networking also has a positive and insignificant correlation with SMEs Business performance. Also, this study found networking also has a significant impact on SMEs Business performance. This finding is inconsistent with Isichei, et al. (2020) found that the networking also has a significant impact on SMEs Business performance.

Likewise, this study found pro-activeness also has a positive and significant correlation with SMEs Business performance. In the contrary, Matzembacher et al. (2019) found that pro-activeness also has a positive and insignificant correlation with SMEs Business performance. Also, this study found pro-activeness also has an insignificant impact on

SMEs Business performance. This results also supported by Alam, et al. (2022) found that the pro-activeness also has a significant impact on SMEs Business performance.

At last, this study found risk taking also has a positive and significant correlation with SMEs Business performance. In the contrary, Kraus et al. (2012) found that risk taking also has a positive and insignificant correlation with SMEs Business performance. Also, this study found risk taking also has a significant impact on SMEs Business performance. But, Liu and Lee (2015) found that the risk taking also has a significant impact on SMEs Business performance.

CHAPTER V

CONCLUSION AND IMPLICATIONS

The study's summary of results and conclusion are provided in this chapter. The study's conclusions and findings are based on the data analysis and hypothesis testing completed in the preceding chapter. The findings are summarized in the first section, the conclusion is presented in the second, and recommendations are presented in the third portion of this chapter.

5.1 Summary

The major objectives of the study are to identify the effect of entrepreneurial orientation on business performance of SMEs. The descriptive and causal comparative research design has applied in this research. As quantitative Research has used to uncover trends in thought and opinions, and dive deeper in to the problem by analyzed statistically, numerically. This study has analyzed the connection between free factors like: creativity, organizing, pro-activeness, advancement and pioneering direction at merchants in Kathmandu. Subjective information has gathered in this study by employing primary data which has collected from survey questionnaire. The study has based on statistical test such as correlation, regression analysis etc. Considering the purpose and requirements of this research, the Descriptive and Causal comparative research design has employed. Descriptive research design describes existing or past phenomena and answer the previously constructed research questions and causal comparative research design analyses the association between dependent and independent variables.

The population of the study involved entrepreneurs from Kathmandu Metropolitan city in Bagmati Province, Nepal. Convenience sampling, a non-probability sampling method, was implemented as the only online medium used for data collection. Similarly, out of 425 questionnaires issued, 410 sample responses were successfully collected. The data has collected through the entrepreneurs of SMEs around the spotted over the Kathmandu area primary data as well as secondary data has used for the study. Primary data has been obtained directly from the field respondents using the close ended structure questionnaire as research is based primary data which has somehow been analytical as well as descriptive in nature. The respondents have mainly been from SMEs of Kathmandu valley.

The acquired data were inputted into Microsoft Excel before being exported to SPSS for statistical analysis. In the study's data analysis, IBM SPSS Statistics 23 was employed. The researcher conducted a descriptive analysis of the data before any inferential statistical testing.

5.2 Conclusion

The analysis of the provided output yields several important conclusions regarding the relationship between independent variables (Autonomy, Risk Taking, Networking, Pro-activeness, and Innovation) and the dependent variable (SMEs Business performance). Firstly, the correlation analysis demonstrates that all independent variables exhibit significant positive correlations with SMEs Business performance. This suggests that a higher degree of Autonomy, Risk Taking, Networking, Pro-activeness, and Innovation is associated with improved business performance in small and medium-sized enterprises. Secondly, the Model Summary indicates that the independent variables collectively account for approximately 20.6% of the variance in SMEs Business performance. This implies that these variables, considered together, have a moderate ability to explain and predict variations in business performance.

Furthermore, the ANOVA confirms that the regression model is statistically significant ($p < .001$), indicating that the independent variables as a whole have a significant impact on SMEs Business performance. The coefficient provide specific insights into the relationships between the independent variables and SMEs Business performance. Autonomy, Risk Taking, Networking, and Innovation demonstrate significant positive relationships, suggesting that these factors contribute positively to business performance. However, the coefficient estimate for Pro-activeness is not statistically significant, indicating that it may not have a significant impact on SMEs Business performance in the current model.

In conclusion, the analysis highlights the importance of Autonomy, Risk Taking, Networking, and Innovation as key factors influencing the performance of small and medium-sized enterprises. These findings emphasize the need for entrepreneurs to foster an environment that encourages entrepreneurial autonomy, embraces risk-taking opportunities, establishes strong networking connections, and promotes innovation in order to enhance the performance of their businesses. However, the role of Pro-activeness requires further investigation to determine its significance in the context of

SMEs Business performance. Upon further examination of the results, it is evident that Autonomy, Risk Taking, Networking, and Innovation have a significant positive impact on SMEs Business performance. These findings suggest that entrepreneurs and small business owners should focus on empowering their employees to generate entrepreneurial ideas, adopting a bold and aggressive approach to maximize opportunities, building strong networks and collaborations with other organizations, and fostering a culture of innovation.

Additionally, the Model Summary statistics indicate that the independent variables collectively explain approximately 20.6% of the variance in SMEs Business performance. While this may not account for the entirety of business performance, it underscores the importance of considering multiple factors when analyzing and predicting SMEs' success. Furthermore, the ANOVA results confirm that the regression model is statistically significant, reinforcing the notion that the independent variables significantly contribute to explaining the variation in SMEs Business performance.

However, it is worth noting that the coefficient estimate for Pro-activeness is not statistically significant. This suggests that while proactive orientation may be important in other contexts, it does not exhibit a significant impact on SMEs Business performance in the current model. Future research could explore additional variables or refine the measurement of Pro-activeness to further investigate its relationship with business performance. The results indicate that Autonomy, Risk Taking, Networking, and Innovation play crucial roles in driving SMEs Business performance. Entrepreneurs and small business owners should strive to create an environment that promotes these factors to enhance their business outcomes. However, the role of Pro-activeness requires further examination to ascertain its significance in the context of SMEs Business performance.

5.3 Implications

Encouraging autonomy within the organization can foster an entrepreneurial culture where employees feel empowered to generate and implement innovative ideas. This can lead to improved business performance and competitiveness.

5.3.1 Managerial implications

- Taking calculated risks is essential for identifying and capitalizing on potential opportunities. Entrepreneurs should cultivate a mindset that embraces risk and

rewards bold, strategic decision-making. This can help businesses stay ahead of the competition and achieve sustainable growth.

- Building strong networks and collaborating with other organizations can provide access to valuable resources, knowledge, and potential partnerships. Entrepreneurs should actively seek opportunities to network and form strategic alliances that can enhance their business performance.
- Innovation is a key driver of success in today's dynamic business landscape. Small business owners should prioritize innovation by encouraging creativity, investing in research and development, and continuously adapting to changing market demands. This can lead to the development of unique products or services and improved business performance.
- While the results did not show a significant relationship between Pro-activeness and SMEs Business performance in the current model, it is important to continue exploring this dimension in future research. Entrepreneurs should assess the relevance of Pro-activeness within their specific industry and context to determine its potential impact on their business.
- Overall, the findings suggest that by focusing on autonomy, risk taking, networking, and innovation, entrepreneurs and small business owners can enhance their business performance and increase their chances of long-term success. By incorporating these factors into their strategic planning and decision-making processes, they can position themselves for growth, competitiveness, and sustainability in the dynamic business environment.

5.3.2 Research implications

The findings of this study provide valuable insights into the relationship between entrepreneurial factors and small business performance. However, there are several areas that warrant further investigation in future research. The following implications for future research can be drawn from the current analysis:

- Conducting longitudinal studies would provide a deeper understanding of the causal relationships between the independent variables (autonomy, risk taking, networking, pro-activeness, innovation) and small business performance. By tracking these variables over an extended period, researchers can assess their

impact on business performance over time and uncover any potential lag effects or dynamic relationships.

- Exploring the mediating and moderating factors that may influence the relationship between the independent variables and small business performance would provide a more comprehensive understanding of the underlying mechanisms at play. Factors such as organizational culture, industry characteristics, and external environmental factors could be considered as potential mediators or moderators.
- Investigating the influence of contextual factors on the relationship between entrepreneurial factors and small business performance would contribute to a more nuanced understanding. Factors such as industry type, geographic location, firm size, and stage of business development may impact the strength and nature of the relationships observed.
- Examining these relationships in different cultural contexts would provide insights into the generalizability of the findings across diverse settings. Cultural factors can significantly influence entrepreneurial behavior and business performance, and understanding these dynamics in various cultural contexts would contribute to a more global perspective on entrepreneurship.
- Considering the perspectives of multiple stakeholders, such as employees, customers, suppliers, and investors, would enrich the understanding of the relationships between entrepreneurial factors and small business performance. Incorporating their perceptions and feedback can provide a more holistic view of how these factors impact the overall success of the business.

By addressing these areas in future research, a more comprehensive and nuanced understanding of the relationships between entrepreneurial factors and small business performance can be developed. This will further contribute to the knowledge base and guide entrepreneurs and policymakers in effectively fostering entrepreneurship and promoting small business success.

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ANNEXURE

Questionnaire on ‘Entrepreneurial initiations and business performance of SMEs.’

Dear Sir/Madam,

I am a student of MBS at Shanker Dev Campus. This survey on the mentioned title is designed to understand initiation towards street food vendors. You are kindly request to fill up the questionnaire with relevant information. The information provided will be kept confidential and used in aggregate form. Ythis study’s cooperation is expected to add academic value and will be highly appreciated (Fairoz et al., 2010).

Regards,

Mallika Joshi

Shanker Dev Campus

Demographic Profile

Name (Optional).....

1. Age

below 20 20-30 30-40 above 40

2. Gender

Male Female

3. Work experience (in years)

Less than 1 1 to 3 3-6 above 6

4. Education Level

Intermediate Bachelor Master

5. Who establish ythis study’s enterprise: a. yourself b. parents

c. Purchased d. Others

6. Please select an option reflect ythis study’s opinion that shows the level of disagreement or agreement at the end of each statement. The answer provided to the statements will be measured on Likert scale. The 5- point measurement scale with explanation is below:

	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

6.1 Autonomy

S.N	Questions	1	2	3	4	5
1	The firm enables the passing of entrepreneurial ideas generated by members of firms to manage.					
2	The majority of my position requires routine tasks.					
3	The firm autonomy orientation gives a positive result to the business performance.					
4	I am given opportunities for professional growth and development.					

6.2 Risk Taking

S.N.	Questions	1	2	3	4	5
1	My enterprise typically adopts a bold, aggressive posture to maximize the probability of exploiting potential opportunities.					
2	I have a strong preference for high- risk projects.					
3	I believe that, owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm’s objectives with decision making situations involving uncertainty.					
4	Risk-Taking orientation of the enterprise influence the performance of my firm.					

6.3 Networking

S.N	Questions	1	2	3	4	5
1	My enterprise is building trust in the society.					

2	My enterprise is able to identify the need of customer in society.					
3	My enterprise can work with collaborating different organization.					
4	My enterprise can act as agent to supply different goods to other company.					

6.4 Pro- activeness

S.N	Questions	1	2	3	4	5
1	The firm takes responsibility and does whatever it takes to ensure an entrepreneurial venture produces successful outcome.					
2	My enterprise proactively pursues market opportunities.					
3	My enterprise involves in proactive orientation which influence the business performance.					
4	My enterprise is responsive to change in business performance as need of customer.					

6.5 Innovation

S.N	Questions	1	2	3	4	5
1	In general, my firm favor a strong emphasis on Research & Development, technological leadership, and innovations.					
2	In the past 5 years my firm has introduced many new lines of products or services.					
3	In the past 5 years, changes in this study's products or service lines have been quite dramatic.					
4	My enterprise is good at developing new processes compared with competitors.					
5	Innovativeness of the company gives positive results to the business performance.					

6.6 Element of SMEs Business performance

S.N	Questions	1	2	3	4	5
1	Motivation, networking and innovation help me to better performance.					
2	I have clear idea about my business and ventures.					
3	I have enough market for my ventures.					
4	I want to extend varieties and services for better performance.					

[Source: Fairoz, Hirobumi & Tanaka, 2010]

Thank you for all your time and contributions in this research.

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ABSTRACTS The purpose of the study was to identify the effect of entrepreneurial orientation on business performance of Small and Medium Enterprises. The descriptive and causal comparative research design has applied in this research. The descriptive and causal comparative research design has applied in this research. The study has based on statistical test such as correlation, regression analysis etc. Considering the purpose and requirements of this research, the Descriptive and Causal comparative research design has employed. The population of the study involved entrepreneurs from Kathmandu Metropolitan city in Bagmati Province, Nepal. Convenience sampling, a non- probability sampling method, was implemented as the only online medium used for data collection. Similarly, out of 425 questionnaires issued, 410 sample responses were successfully collected. In conclusion, the analysis highlights the importance of Autonomy, Risk Taking, Networking, and Innovation as key factors influencing the performance of small and medium-sized enterprises. These findings emphasize the need for entrepreneurs to foster an environment that encourages entrepreneurial autonomy, embraces risk-taking opportunities, establishes strong networking connections, and promotes innovation in order to enhance the performance of their businesses. The results indicate that Autonomy, Risk Taking, Networking, and Innovation play crucial roles in driving Small and Medium Enterprises Business performance. Entrepreneurs and small business owners should strive to create an environment that promotes these factors to enhance their business outcomes. However, the role of Pro-activeness requires further examination to ascertain its significance in the context of Small and Medium Enterprises Business performance. These findings emphasize the need for entrepreneurs to foster an environment that encourages entrepreneurial autonomy, embraces