

RISK TAKING, COMPETITIVE AGGRESSIVENESS AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NORTHWEST

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Abstract

Growth and sustainability of small and medium enterprises (SMEs) are essential for achieving economic growth and development of countries, especially in highly challenging and competitive business environment like the case of Nigeria. This study examine risk taking, competitive aggressiveness and performance small and medium enterprises in Northwest, Nigeria. The population of the study comprise of 5,310,315 (SMEDAN 2021) registered small and medium enterprises (SMEs) operating in North West Nigeria. The sample size for this study was 400 SMEs operating in Northwest, Nigeria. Primary source of data was explored in getting important and useful information for the study. The data that was gathered from the respondents through a closed ended questionnaire structured on a five-point Likert scale ranging from strongly agree to strongly disagree. The data gathered for this study was analyzed using partial least squares of structural equation modelling (PLS-SEM). The study found that competitive aggressiveness has positive and significant effect on SMEs performance in North West Nigeria. Also, the study revealed that risk taking has positive and significant effect on SMEs performance in North West Nigeria. The study concluded that competitive aggressiveness and risk taking has significant effect on SMEs performance in North West Nigeria. It is recommended that SMEs should actively seek to outperform competitors by adopting innovative practices, identifying market gaps, and responding swiftly to changes in consumer preferences.

Key Words: Risk taking, Competitive aggressiveness, performance

INTRODUCTION

Globally, Small and Medium Enterprises (SMEs) play a critical role in the economic development of countries as they are pivotal in driving economic growth, fostering innovation, and creating employment opportunities. They also hold a significant position in various economies worldwide, propelling social and economic evolution, including the process of industrialization. It is well established that they offer a vital platform for nurturing technical, technological, and entrepreneurial skills among key segments of the population (Badamasi et al. 2023).

Universally, 99 percent of businesses typically fall into the category of SMEs enterprise segment and SMEs have facilitated the dynamics in the most business organizations in the emerging countries as it contributes to create new jobs and generate supplementary financial capital for businesses (Gilmore et al. 2013). While in Nigeria, SMEs are important as they form the backbone of the economy, constituting about 87 percent of all enterprises (Nwankwo & Kanyangale, 2020).

Similarly, Omerzel (2016) stated that entrepreneurial orientation has five dimensions which includes; innovativeness, pro activeness, risk-taking, autonomy, and competitive aggression. Innovativeness refers to a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes. For SMEs, innovativeness is critical as it enables them to differentiate themselves from competitors, adapt to market changes, and meet the evolving needs of customers. Research has shown that SMEs with high levels of innovativeness tend to experience better performance in terms of growth and profitability (Eshima & Anderson, 2017).

Abdulrab et al. (2021) defined risk taking as capability of entrepreneur to make bold moves or decision, such as entering new untapped markets or allocating large amounts of productive assets to tasks with dishonest outcomes or massive borrowing. For SMEs, calculated risk-taking is essential for pursuing

high-reward opportunities that can lead to substantial growth. While risk-taking can be associated with potential losses, it is also necessary for SMEs to pursue new ventures, explore untapped markets, and engage in innovative activities, which can lead to higher returns and improved performance.

Competitive aggressiveness is a business response from entrepreneur to competitors who are seizing available opportunities to grow their businesses and outperform their competitors in the market (Linyiru & Ketyenya, 2023). This dimension is crucial for SMEs that need to establish a foothold in competitive markets. Aggressive competitive actions, such as price-cutting, extensive marketing, and rapid expansion, can help SMEs gain market share and improve performance.

Performance of Small and Medium Enterprises (SMEs) is one of the key sources of economic growth and development thus performance can be financial or nonfinancial in nature and is a measurement of how SMEs use their assets to make revenue, through effective management of resources, attainment of employees' satisfaction and customers loyalty and satisfaction (Shah & Asad, 2018). SMEs Performance refers to the ability of small and medium enterprises to achieve their desired goals and objectives, which may include profitability, growth, market share, customer satisfaction, and overall sustainability (Nuryakin & Asmara, 2022). In order for small and medium enterprises to grow and perform in today's rapidly changing business environment they need to constantly seek for new opportunities, to which possessing an entrepreneurial orientation has been recognized as potentially beneficial, based on the foregoing this study seeks to examine the effect of entrepreneurial orientation on the performance of small and medium enterprises (SMEs) in Northwest Central Nigeria.

The growth and sustainability of small and medium enterprises (SMEs) are essential for achieving economic growth and development of countries, especially in highly challenging and competitive business environment like the case of Nigeria. Despite the known importance of the SME sector towards the improvement of nation's economy as well as the interventions provided by government such as provision of financial credit schemes, tax holidays, and creation of a regulatory agency to promote and stimulate their activities, the sector has continued to witness abysmal performance. This is seen in the drop of their contribution to the nation's economy from 50% percent contribution to GDP in 2021 to 43.3 % in the last quarter of 2022. In addition, a good number of these SMEs have remained stagnant in terms of growth despite the availability of accessible credit which could be used for expansion activities. The main objective of the study is to examine risk taking, competitive aggressiveness and performance small and medium enterprises in Northwest, Nigeria. The specific objectives include to:

- i. explore the effect of risk taking on the performance of small and medium enterprises in Northwest, Nigeria;
- ii. assess the effect of competitive aggressiveness on the performance of small and medium enterprises in Northwest, Nigeria.

LITERATURE REVIEW

Risk Taking

Risk-taking is defined as the tendency to engage in behaviours that have the potential to be dangerous and/or harmful yet provide the opportunity for outcome that can be perceived as positive and helpful (Allah & Nakhaie, 2011). Kapepa and Van Vuuren (2019) define risk-taking as the tendency to take bold decisions such as venturing into unknown new markets, committing a large portion of resources to ventures with uncertain outcomes and/or borrowing heavily with a chance to fail. Risk-taking is regularly used to explain the uncertainty that is brought about by entrepreneurial behaviour (Olaniran et al., 2016). Hosseini et al. (2018) observed that the risk-taking dimension of EO captures the degree to which the organisation's processes involve and/or ignore risks.

Choe and Loo (2023) perceives risk taking as the willingness to invest resources in business opportunities with possibilities of costly failure. The author adds that the risks involve not only financial success, but career opportunities, family relations and physical wellbeing. In today's turbulent and dynamic business

environment, risk management is a vital component in strategic management and entrepreneurial considerations (Harris & Ogbonna, 2022).

Risk taking is a firm's ability to consciously select an option from amongst several alternatives which hold great potential. Taking risks involves engaging in manageable and calculated risks to obtain benefits, rather than taking bold risks which are detrimental to an organisation's performance and survival (Eze et al., 2022). Risk taking could be described as the willingness to commit substantial resources to opportunities having in mind a reasonable chance of costly failure and willingness to discontinue from the tried-and-true path (Bijloos, 2017).

Competitive Aggressiveness

Competitive aggressiveness refers to the propensity of a firm to directly and intensely challenge its competitors to achieve entry or improve its position, to outperform rivals in its market domain (Vij & Vedi 2012). It is characterized by a strong offensive posture or aggressive responses to the actions of competitors. A strong competitively aggressive stance enables a firm to be a decisive player in a field of rivals and to act forcefully to safeguard or advance its position (Abdullahi, 2011).

In a slightly different vein Farniha et al. (2022) sees competitive aggressiveness as the strategic response of a firm to competitiveness with the view of protecting its competitive market share. It has been observed that the ability of top management team to dictate and analyze the relevant business environment remains one of the factors that influence firm's competitive aggressiveness (Mwaura et al., 2015). Similarly, Schillo (2011) suggest that competitive aggressiveness is a way in which a firm engages with its competitors that there is a distinction between firms that avoids direct competition with other firms and those that aggressively pursue competitive target market.

Competitive aggressiveness refers to a firm's proactive and assertive pursuit of competitive advantage through strategic actions aimed at outperforming rivals and gaining market dominance. This concept encompasses a range of dynamic strategies, including innovation, market expansion, pricing tactics, and promotional efforts, all executed with the intent of securing a superior position in the marketplace (Mary et al., 2023). According to Smith (2019) competitive aggressiveness signifies a firm's intentional and proactive engagement in tactics that disrupt industry equilibrium, exploit competitors' weaknesses, and create sustainable competitive advantages. Competitive aggressiveness is fueled by a firm's commitment to creating an enduring competitive advantage. This commitment drives them to continuously innovate, adapt, and challenge competitors, thereby influencing market dynamics and paving the way for long-term success.

Correspondingly, Verma et al. (2022) state that competitive aggressiveness exemplifies a firm's willingness to initiate bold and calculated actions aimed at reshaping market conditions, capturing greater market share, and enhancing overall performance, often involving strategic pricing and positioning. Bleeker (2011) defined competitive aggressiveness as a more general managerial disposition reflected in an enterprise's willingness to desire, take on and to dominate competitors through a combination of innovative efforts and proactive moves. Competitive Aggressiveness refers to how enterprises respond to trends demand and relate to competitors that already exist in the marketplace with regard to competitor's orientation (Chalchissa & Bertrand, 2017).

SMEs Performance

SME performance is a measure that describes the health of an SME that may not only depend on the efficiency and effectiveness but also on the market where the SME operates. Laitinen (2022) defines performance as an ability of an object to produce results in a dimension determined priority, in relation to a target. Thus, it is necessary to have, first, an object whose performance is to be considered; second, a dimension in which one is interested; and, third, a set target for the result.

Qrunfleh and Tarafdar (2014) postulate that SMEs performance can be seen as the way and manner an organization or a firm actualizes its financial and market-oriented objectives. In the same vein, Daft (2001) posits that SMEs performance is the ability and capacity of SMEs to execute its aim and objectives by effectively and efficiently putting in place its various types of resources.

Quantitatively, SMEs performance refers to efficiency, financial results, level of production, and number of customers (Anggadwita & Mustafid, 2014). Zimon (2018) pinpointed market share, profitability, productivity, dynamics of revenue, cost and liquidity as the measures to ascertain SMEs performance. In their study, Gopang et al. (2017) used comprehensive indicators to ascertain SMEs performance namely: reputation, productivity, employee satisfaction, profits, sales, prompt order delivery, sufficient working capital, effectiveness in operations of production, product quality, achievement of targets, number of clients, easiness in supervision, reduction in product cost and product diversification.

Performance is defined as a measure of how well a mechanism or a process accomplishes its objective. Performance is the accomplishment of a task according to the standard of accuracy, cost, speed and completeness (AIDhaafri et al., 2016). SMEs Performance is the accomplishment of a task according to the standard of, cost, speed accuracy and completeness. In organizational point of view, performance means how well the organization is managed and the value the organization or firm delivers for customers and other stakeholders (Ibidunni, et al. 2017). Organisation performance has also been explained as the capability of firm to accomplish its goals and objectives with the help of talented administration, good governance and have a constant rededication to accomplish business objectives (Ogundare, & Van der, 2024). Performance is seen as the desire to evaluate the extent of success an organisation has achieved, be it a large or a small organisation (Akande 2011). Businesses can be evaluated on the basis of their size, number of employees, working capital and profitability.

Empirical Review

Risk-taking and SMEs Performance

A study conducted by Oguh and Uzor (2024) investigate the relationship between entrepreneurial risk-taking and SMEs in Anambra State, a survey research design was used One thousand, five hundred and four (1,504) owner/managers of SMEs operating in Anambra State who were registered with the Nigerian small and medium enterprises development agency made up the study's population The owners and managers of the SMEs that were registered in Anambra State, Nigeria, were chosen for the study using a basic random sample technique The research tool used was an organized set of questions According to the study's findings, entrepreneurial risk-taking ability had a statistically significant and positive effect on the performance of a subset of SMEs in Anambra State, Nigeria. This study failed to mention that tool for data analysis used.

Irumva and Njenga (2023) investigated the influence of risk taking on the performance of SMEs in Rwanda, with a specific focus on Peace Jewelries, a representative SME operating in the country's jewelry industry. The research employed a combination of a descriptive survey and a correlational methodology. The sample consisted of 105 participants who were managers employed at Peace Jewelries. The method of selection adopted in this study was stratified sampling. The primary data collection method employed in this study predominantly involved the administration of questionnaires. This study used SPSS version 21 to analyze the data, the study revealed a positive and significant effect between risk taking and the performance of small and medium enterprises (SMEs). This research was conducted in Rwanda, and considering the substantial economic disparities between Rwanda and Nigeria, the findings from Rwanda cannot be relied upon to make well-informed decisions regarding entrepreneurial risk taking in Nigeria, hence the need for this study.

Girangwa et al. (2023) carried out this study to determine risk taking effect on organizational performance of state corporations in Kenya. This study was guided by agency theory. The study used explanatory cross-sectional survey design. Primary data was collected from structured questionnaires. A survey was carried out on 218 state corporations in Kenya. Data collected was analyzed by use of

descriptive and inferential statistics. The research hypotheses were tested using multiple regression analysis. The results revealed that risk taking practices had positive and significant effect on organizational performance. This research was conducted in Kenya, a country with distinct legal, cultural, and economic characteristics compared to Nigeria, hence the need for this study.

Olaniran et al. (2023) examined the role of risk-taking on performance of firms on the Nigerian Stock Exchange. The target population is 176 firms listed in the Nigerian Stock Exchange with financial returns as at August, 2014. Out of the population, a sample of 60 firms was taken. Methods of statistical analyses include mean, standard deviation, and Pooled, Random and Fixed regression models based on the preferences suggested by the Hausman specification test results. The results of panel analysis showed that risk-taking has positive and significant effect performance of firms listed on Nigerian Stock Exchange. This study employed secondary data while the current study employed survey research using questionnaire.

Nwagbala et al. (2023) studied the effect of risk taking on the performance of Selected SMEs in Awka South, Anambra State, Nigeria. The study adopted descriptive survey research design to collect data directly from the respondents. The population of the owners and Managers from the selected SMEs is 100. The sampling technique adopted by the study is convenience sampling technique. Taro Yamane was adopted in order to reduce the population size of 100 owners and managers gotten from the selected SMEs to a manageable sample size. The sample size for the study is 80. The questionnaire was structured on a five Point Likert Scale; the data generated were analyzed using Descriptive Statistics and Pearson product moment correlation co-efficient on Statistical packages for Social Science (version 23). Findings revealed that there is a significant relationship between risk taking on SMEs performance. The sample size of this study (80) respondents; appears to be too small and therefore may not represent the view of a larger populace.

Competitive Aggressiveness and SMEs Performance

A study by Gawuna et al. (2024) examines the relationship between competitive aggressiveness and performance of MSMEs in Northwest Nigeria. The study adopted Descriptive Survey Design, with a population of 6,458, a sample size of 377 was determined using Taro Yamane's (1967) formula. Data were collected using structural questionnaire and analyzed, interpreted and presented using Descriptive Statistic and Pearson Product Moment Correlation. However, the hypotheses were tested using regression with the support of SPSS Version 25.0. The findings revealed that competitive aggressiveness have significant relationship with performance of MSMEs in Northwest Nigeria. This study employed a distinct analytical tool, the Pearson Product Moment Correlation method, whereas the current study utilizes another approach, namely PLS-SEM.

In Indonesia, Musthofa et al. (2023) sought to contribute to the extant literature on the effect of the competitive aggressiveness on business performance. The study included respondents from embroidery SMEs in Kudus Regency. The sample size was 153 and purposive sampling was used to collect the data. SEM-PLS approach but used Cronbach alpha to ascertain that their research instrument was reliable. The statistical analysis of the research model revealed that competitive aggressiveness had positive insignificant significant effect on business performance. The study was conducted in the context of Indonesia; the present research is situated in a different geographic and socio-economic setting, Northwest Nigeria.

A study conducted by Oguejiofor and Ezenwaji (2023) investigated the influence of competitive aggressiveness on performance of small and medium scale enterprises in Anambra State, research question and hypotheses were formulated for the study and the study adopted descriptive survey research design and population of the study is 2,698 Managers of SMEs registered with Ministry of Trade, Commerce and Industry in Anambra State as at 2022. The Taro Yamane's formular was used to determine a sample size of 348 which was used for the study. The instrument for data collection was a researcher developed four-point structured scale. The collected data were analyzed using SPSS version

21 and the two research questions were answered using mean and standard deviation. T-test statistical tool was employed in testing the null hypotheses. The findings showed that competitive aggressiveness has a positive significant effect on the performance of SMEs. The study focused exclusively on small and medium-sized enterprises (SMEs) located in Anambra State, the present research has a broader geographical scope, encompassing all registered SMEs across the Northwest region of Nigeria.

Kusumawijaya (2023) studied the influence of competitive aggressiveness of performance of SME employees in Bali. This research was conducted on SME employees in Bali with a total of 165 respondents with 90.91% response rate and total 150 questionnaires returned. Respondents were selected by purposive sampling method, where each research instrument uses a 5 Likert scale measurement. The evaluation of structural models for testing research models using the WarpPLS 4.0 program. The significance of the parameters was determined by resampling bootstrapping and using 500 sub-samples of equal size to that of the original sample. The result of this study shows that competitive aggressiveness has an insignificant positive influence on the performance of SME. This study was conducted within a different national context; its findings may not directly translate or be readily generalizable to the economic landscape and dynamics prevalent in Nigeria, necessitating research specifically tailored to the Nigerian economic environment.

Stakeholder Theory

The stakeholder theory proposed by Freeman (1984) emphasizes that firms should consider the various interests of all stakeholders in decision making because stakeholders play important role to enhance success in business operations. This implies that firms should first align stakeholders' needs, expectations, and welfare before taking any action (Freeman et al., 2021). Freeman (1984) explains that stakeholders are those who can influence and be influenced by the activities of the firm. Stakeholder theory has identified different groups such as the company owners, employees, customers, suppliers, creditors, government, host communities and the society as stakeholders of the firm (Clement, 2005).

This theory proposes that firms can effectively create value if they establish a good relationship with stakeholders who can affect and be affected by their activities (Freeman, 1984). Hence, it is the top managers' role to form networks to enable them reaches out to both the internal and external stakeholders to know their values, choices, and what will benefit or harm them, while carrying out business operations. An effective rapport with internal stakeholders like firm owners, and employees will help to reduce conflicts, and criticisms that could lead to unproductivity and poor performance (Bosse, et al., 2009). Again, a good relationship with external stakeholders such as the customers, suppliers, creditors, government, host communities, and the society can help boost corporate reputation, patronage, loyalty, and improve ease of doing business (Clement, 2005). Stakeholder theory relates to this study because highlights that the relationship between entrepreneurial orientation and SME performance is partly mediated by how well the firm's entrepreneurial actions and behaviors align with and manage the interests of various stakeholder groups. Effective stakeholder management can thus amplify the performance benefits of entrepreneurial orientation for SMEs.

METHODOLOGY

This study adopted the descriptive survey research design because the phenomenon of the study involved observing, describing and documenting through questionnaires. The population of the study comprise of 5,310,315 (SMEDAN 2021) registered small and medium enterprises (SMEs) operating in North West Nigeria. The sample size for this study was 400 SMEs operating in Northwest, Nigeria. However, additional 10% (40) was added as recommended by Singh and Masuku (2014) to allow for attrition bringing it to a total of 440. This sample size is assumed to represent the total population. Primary source of data was explored in getting important and useful information for the study. The data that was gathered from the respondents through a closed ended questionnaire structured on a five-point Likert scale ranging from strongly agree to strongly disagree. The questionnaire was designed in simple language to avoid ambiguity, misunderstanding, and misinterpretation of the statements. The questionnaire was administered through physical distribution and it contain information about the demographic

characteristics of the respondents and also the information of each construct of entrepreneurial orientation used in the study. The data gathered for this study was analysed using partial least squares of structural equation modelling (PLS-SEM).

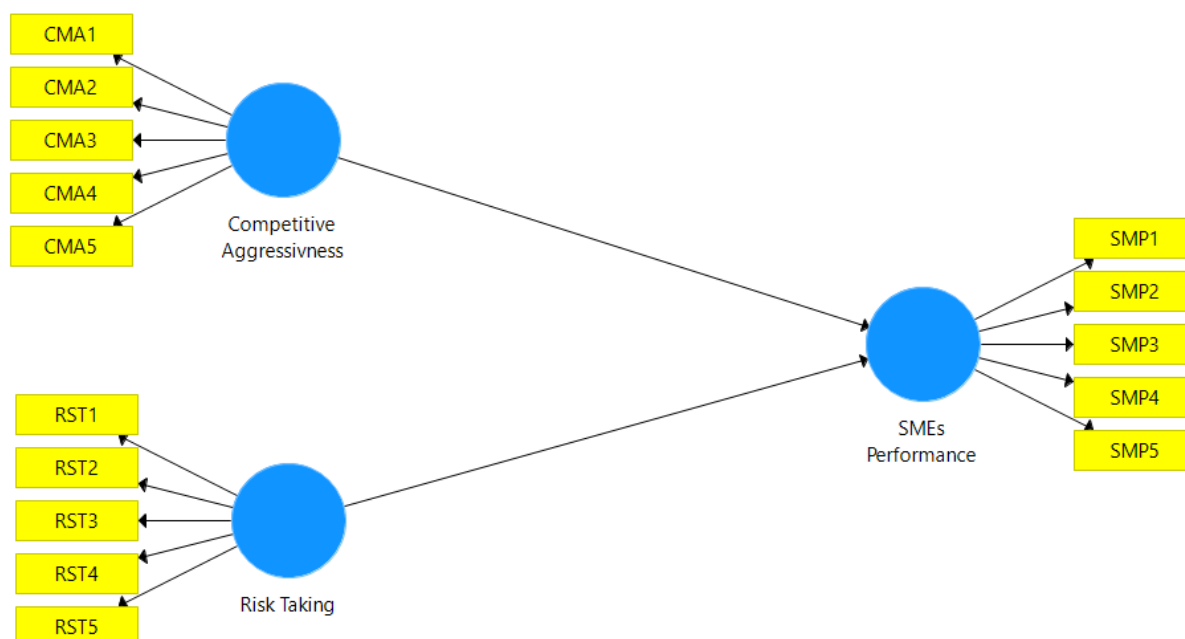


Figure1: Model Specification

RESULTS AND DISCUSSION

Out of the four hundred and forty (440) distributed questionnaires, 415 were properly filled and returned giving a response rate of 94%. Subsequently, all further analyses were done using 415 responses data.

Table 4.1: Descriptive Statistics

variable	Mean	Median	Min	Max	SDV	Kurtosis	Skewness
CMA	3.7	5.00	1.00	5.00	0.96	-1.59	-0.09
RST	3.07	4.44	1.00	5.00	0.97	0.90	-0.98
SMP	4.10	5.00	1.00	5.00	0.89	0.20	-0.68

Source: SMART, PLS Output, 2024.

Data on the study variables were described in Table 4.1 above in terms of the mean, minimum, maximum, standard deviation, skewness and kurtosis values. Competitive aggressiveness (CMA) revealed an average value of 3.7 with a standard deviation value of 0.96. However, the minimum and maximum values stood at 1 and 5 respectively. Risk taking (RST) had minimum and maximum values of 1 and 5 respectively however, it showed an average of 3.07 along with a standard deviation of 0.97. Furthermore, SMEs performance (SMP) showed a minimum value of 1 and a maximum value of 5 with an average value of 4.10 accompanied with a standard deviation value of 0.89. All the skewness and kurtosis values were less than 1 which shows that there is a normal distribution of data.

Assessment of Measurement Model

In assessing the measurement model, the researcher began by assessing the item outer loadings. As a rule, loadings above 0.708 are recommended, as they indicate that the construct explains more than 50 percent of the indicator's variance, thus providing acceptable item reliability (Hair, et al., 2019). However, Hair, et al., (2019) posited that low but significant indicator loading of 0.50 can be included hence justifying why indicators with loadings less than 0.708 and above 0.50 were not deleted from the model as seen in figure 2 below.

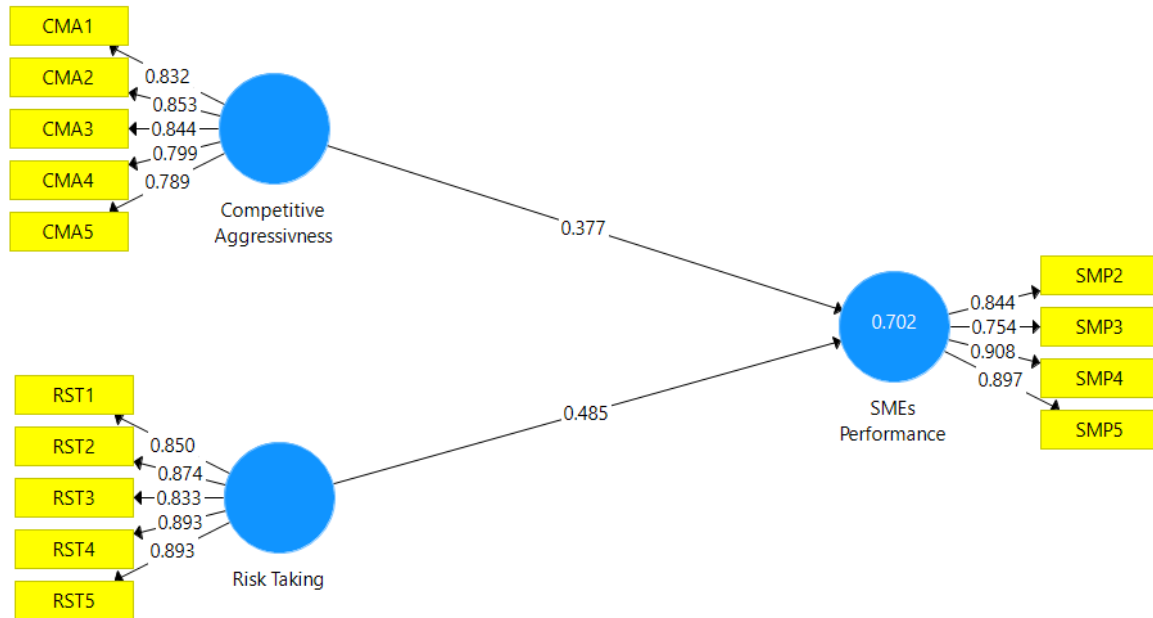


Fig 2: Indicator Loadings.

Table 4.2: Reliability of study scale

S/N	Variables		Factor Loadings	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE)	No of Items
1	Competitive Aggressiveness (CMA)	CMA1 CMA2 CMA3 CMA4 CMA5	0.832 0.853 0.844 0.799 0.789	0.882	0.914	0.679	5
2	Risk Taking (RST)	RST1 RST2 RST3 RST4 RST5	0.850 0.874 0.833 0.893 0.893	0.919	0.939	0.755	5
3	SMEs Performance (SMP)	SMP2 SMP3 SMP4 SMP5	0.844 0.754 0.908 0.897	0.874	0.914	0.728	4

Source: SmartPLS Output, 2024

Composite reliability of Jöreskog's (1971) was applied to test for internal consistency of the study. All the values fall within the Hair, et al., (2019) rating of good consistency. The Cronbach alpha value was above 0.60 which is the minimum threshold as recommended by Sekaran (2010). To test for the convergent validity, the average variance extracted (AVE) was used. All the latent variables showed values greater than 0.50 which indicates that the constructs explain at least 50 percent of the variance of its items. According to Henseler, et al., (2015) the Fornell-Larcker criterion does not perform well when explaining discriminant validity, particularly when the indicator loadings on a construct differ only slightly. As a replacement, they proposed the Heterotrait-Monotrait (HTMT) ratio of the correlations which is the mean value of the item correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct (Voorhees et al., 2016). Discriminant

validity problems are present when HTMT values are high than 0.90 for structural models (Henseler, et al., 2015).

Heterotrait-Monotrait Ratio (HTMT)

	Innovativeness	Proactiveness	SMEs Performance
Competitive aggressiveness	1.000		
Risk taking	0.034	1.000	
SMEs Performance	0.432	0.313	1.000

Source: SmartPLS Output, 2024

The variance inflation factor (VIF) was used to evaluate collinearity of the formative indicators. All the VIF values were less than 5 indicate the absence of critical collinearity issues among the indicators of formatively measured constructs (Hair, et al., 2019).

Model Goodness of Fit (GoF)

Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair, et al. (2017) suggested. This study used the standardised root mean square residual's (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu & Bentler (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.030. This indicates the model is fit.

Assessing the Structural Model

Having satisfied the measurement model assessment, the next step in evaluating PLS-SEM results is to assess the structural model. Standard assessment criteria, which was considered include the path coefficient, t-values, p-values and coefficient of determination (R^2). The bootstrapping procedure was conducted using a resample of 5000.

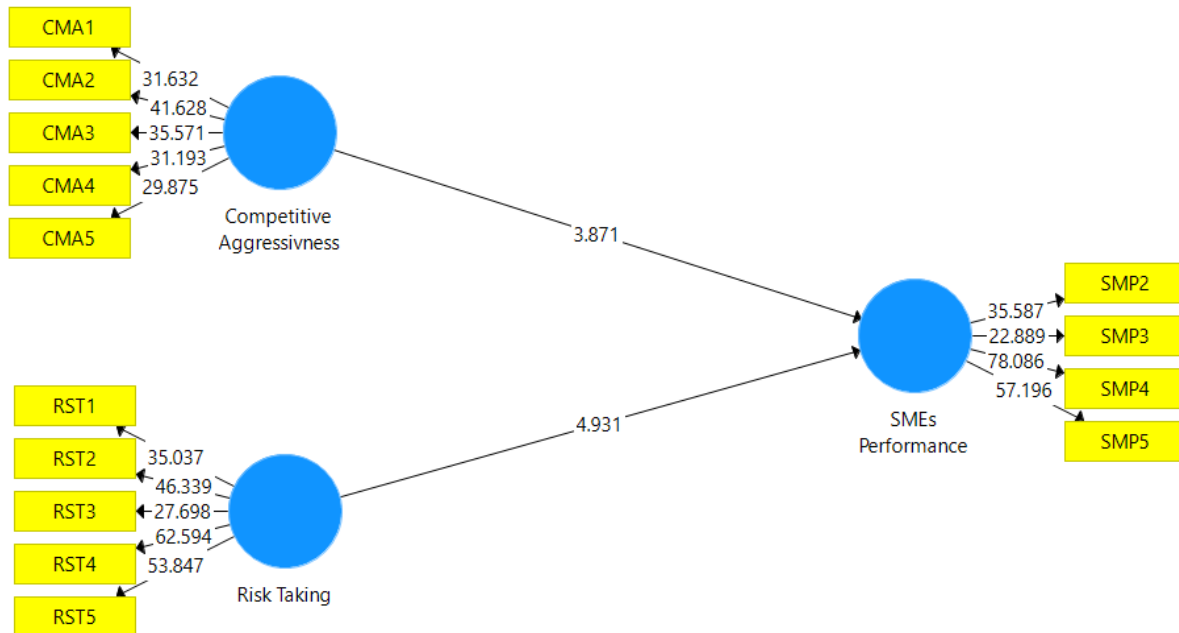


Fig. 3: Path Coefficients of the Regression Model.

R Square Table

	R Square	R Square Adjusted
SMEs Performance	0.702	0.701

Source: SmartPLS Output, 2024

The R-square value stood at 70.2% indicating that competitive aggressiveness and risk taking are responsible for 70.2% variation in the SMEs performance in North West Nigeria. The remaining 29.8% variation could be explained by other factors not included in the study. Based on Hair, et al., (2019), the r-square is considered substantial. The result of the path analysis is presented in the table below:

Table 4.4: Path Coefficients

Hypothesis	Variable	Path Coefficient ***(Beta)	t-value	p-value	Findings
H ₀₁	Competitive aggressiveness -> SMEs Performance	0.377	3.949	0.000	Rejected
H ₀₂	Risk taking-> SMEs Performance	0.485	5.000	0.000	Rejected

Source: SmartPLS Output, 2024

The result from the analysis indicates that competitive aggressiveness has positive and significant effect on SMEs performance in North West Nigeria. The decision was reached based on the t-value of 3.949 which is greater than 1.964 and a beta value of 0.377 with a p-value of 0.000. This finding implies that SMEs (Small and Medium Enterprises) in North West Nigeria that exhibit competitive aggressiveness characterized by a proactive and assertive approach to outperforming rivals tend to achieve better performance outcomes. Competitive aggressiveness may include actions like bold market strategies, innovative product offerings, aggressive marketing campaigns, or quick responses to competitors' moves. This finding is in agreement with that of Olughor (2023) who found that competitive aggressiveness has positive and significant effect on the performance of SMEs.

The result from the analysis indicates that risk taking has positive and significant effect on SMEs performance in North West Nigeria. The decision was reached based on the t-value of 6.216 which is greater than 1.964 and a beta value of 0.404 with a p-value of 0.000. This implies that SMEs (Small and Medium Enterprises) in North West Nigeria that demonstrate a willingness to take risks are more likely to achieve better performance outcomes. Risk-taking involves pursuing opportunities despite uncertainty, such as investing in new markets, adopting innovative technologies, or introducing untested products and services. This finding agrees with that of Dawit and Gemechu (2024) who made similar findings about risk taking and performance.

CONCLUSION AND RECOMMENDATIONS

The study concluded that competitive aggressiveness and risk taking has significant effect on SMEs performance in North West Nigeria. Based on the study's findings,

- It is recommended that SMEs should actively seek to outperform competitors by adopting innovative practices, identifying market gaps, and responding swiftly to changes in consumer preferences. This can be achieved through consistent market research and analysis to stay ahead of competitors.
- It is recommended that SMEs should embrace calculated risks by exploring new markets, investing in innovative products or services, and adopting modern technologies. Business owners should carefully assess potential opportunities and associated risks to make informed decisions that could lead to growth and improved performance.

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