

NEXUS BETWEEN ENTREPRENEUR ORIENTATION AND SMES SERVICE QUALITY: MODERATING ROLE OF MULTI-LEVEL CONCEPTUALIZATION

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ABSTRACT

The study examines impact of entrepreneurial orientation on service quality of selected SMEs in Federal Capital Territory with the moderating role of multi-level conceptualization. Entrepreneurial orientation was measured using risk-taking, proactiveness and innovativeness, while internal and external conceptualization were used to measure multi-level conceptualization. The population of the study consists of all small-scale enterprise owners in Gwagwalada area council. Simple random technique was used, while the sample size of 422 was arrived at using infinite population sample technique. The study was anchored on resource-based theory. Using regression analysis, we found that innovativeness and proactiveness have positive insignificant influence on service quality, even not significant when combined with multi-level conceptualization. However, risk-taking was having significant relationship with service quality, also positively strong and significant when combined with only internal and conceptualization. The study recommends among other things recommended that, owners-managers ought to invest not only in physical resources but also in intangible resources Such as Research and Development of new products and services in order to seeking for consistence innovation in order to create competitive advantage and eventually promote SMEs service quality. They should ensure that business environment is studied before adoption of market strategy in order establish the desired step or option for better service quality.

Keywords: SMEs, Service quality and Entrepreneurial Orientation

1. INTRODUCTION

Small and medium-sized businesses (SMEs) contribute significantly to job creation and global economic growth. Due to their "ability to adapt to the systemic shock promptly and their potentials to produce employment and revenue at a time when the major firm sector was experiencing a fast decline," SMEs development is crucial in the growth plan notwithstanding their contribution to the national economy (Krasniqi&Hashim, 2011). According to estimates, SMEs make up 97% of all firms in the nation. They provide employment to more than half of the country's workforce and around 46% of the GDP (National Micro, Small and Medium-Sized Enterprises, or MSMEs) (Collaborative Survey, 2013; Taiwo, Ayodeji& Yusuf, 2012).

Nigerian SMEs are in a precarious situation due to the strong and rapidly changing global competition. Prior study results have identified entrepreneurial orientation (EO) as a crucial component for organizational performance as a means of addressing these issues (Wiklund& Shepherd, 2005). Further, it is said that businesses with greater degrees of entrepreneurial orientation would outperform those with lower levels (Davis, 2007; Rauch, Wiklund, Lumpkin &Frese, 2009).

Because the entrepreneurial orientation portrays entrepreneurs as rational decision-makers who take chances on business prospects, a component of EO called an aggressive attitude contains risk issues. Risks arise when choices have a high chance of failing (Wiklund& Shepherd, 2003). Risk-taking is the desire of an organization to act aggressively without understanding the repercussions and to embrace commercial chances even when it is unsure of whether it will be successful or not (Matchaba-Hove &Vambe, 2014). Consequently, risk is a component of all business choices (Deepa&Manalel, 2016). The goal of this research is to validate the idea about the impact of entrepreneurial orientation on the level of service provided by SMEs. The principle of the Research-Based View (RBV) method is used in analysis. This study is unique in that it combines internal and external conceptualization as a mediator of service quality for SMEs in order to validate the theoretical model. Since agency issues are avoided by choosing SME entrepreneurs, the success of SME businesses may also be evaluated in terms of the performance of the owner. More empirical data indicates that in order to optimize the impact of EO on service quality, new businesses should encourage multi-level conceptualization and adopt proper strategic procedures (Rosenberg, 1968). In particular, this study conceptualizes multi-level conceptualization as a modulator of the link between EO and service quality, building on the corpus of prior research. More study is needed to understand this kind of interaction, which is crucial for SMEs. This study's particular goal is to ascertain how innovation, proactivity, and risk-taking affect service

quality. It also seeks to assess the moderating effect of multi-level conceptualization on the relationship between entrepreneurial orientation and service quality.

2. LITERATURE REVIEW

Entrepreneurial orientation (EO) is defined as a process of forming a strategy by making the organization have entrepreneurial based actions and decisions. (Rauch et al., 2009) Businesses with strong EO have better performance (Covin&Slevin, 1989; Wiklund&Shepherd, 2005). EO is categorized as a critical process in organizations that helps companies to survive and improve the performance of their organizations. (Amin et al., 2016) EO is categorized as a critical process in organizations that helps companies to survive and improve the performance of their organizations (Amin et al., 2016; Khalili et al., 2013). SMEs that adopt an Entrepreneurship Orientation do their activities better than others (Semrau et al., 2016).

Multi-level conceptualization helps managers make decisions fast and effectively by serving as ‘an information filter’ directing managers’ attention on those matters and events that are in accordance with the prevailing conceptualization (Bettis&Pralhad, 1995). In addition to the managerial decision-making, it also directs the learning and knowledge creation within the organisation. Multi-level conceptualization carries the idea of being shared by all the members of the organisation in order to achieve the desired strategic targets, thus becoming gradually an organisation level strategic frame (Bettis&Pralhad, 1995; Lampel&Shamsie, 2000; Bettis& Wong, 2003; Kor&Mesko, 2013).

2.1 Empirical Review

Päivi, (2012), examines the impact of entrepreneurial orientation (EO) and its individual dimensions of innovativeness, risk-taking and proactiveness on the performance of small-to-medium sized enterprises (SMEs). It does this in a cross-cultural setting by comparing EO and its dimensions and their performance implications between Finnish and German firms. The examination of the relationships based on the conceptual framework is done by means of quantitative methods such as factor analysis, comparison of means, and hierarchical multiple regression. Additionally, innovativeness emerges as the most significant contributor to firm performance in the SMEs of both countries, even so that the impact of innovativeness alone is higher than that of the combined EO concept. Finally, no significant difference between the strength of the impact on performance with any of the dimensions can be found between the Finnish and German firms.

Kiyabo, (2020), investigated influence of entrepreneurial orientation on SMEs' performance under the mediation of competitive advantage using firm growth and personal wealth measures. Entrepreneurial orientation was adopted as an intangible resource in form of processes. A survey method with cross-sectional design was used to collect data from 300 owners-managers of welding industry SMEs located in Dares Salaam, Mbeya, and Morogoro urban centers in Tanzania. By the aid of AMOS software, data analysis comprised of developing measurement and structural models using structural equation modeling technique. Sample data were then bootstrapped using 200 samples to determine the indirect effect of entrepreneurial orientation on SMEs' performance through competitive advantage. Findings from this study inform that competitive advantage mediates the relationship between entrepreneurial orientation and SMEs' performance for both firm growth and personal wealth performance measures.

Omiunu, (2019), investigates the moderating effect of e-literacy and business information strategy on the relationship between ICT adoption and performance of women- owned SMEs in Southwestern Nigeria. The theories of information technology trilogy by (JStrategInfSyst 10:77-99, 2001) coupled with the ICT literacy of (MediaSmarts, Digital Literacy Fundamentals, Canada's Centre for Digital and Media Literacy MediaSmarts, 2017) which in this study is conceptualized as e-literacy were adapted, and five hypotheses were formulated towards proposing an e-literacy-adoption model for enhanced SMEs' performance. The study adopted the correlational survey research design and consists of women-owned SMEs in Southwestern, Nigeria. A multi-stage sampling was employed in the study, and a sample size of 240 women- owned SMEs was drawn. However, 236 were retrieved, giving a 94.4% response rate. The questionnaire was used to obtain information, and the correlation analysis was used to analyze the data obtained. The result of the study revealed that e-literacy and business information strategy are significant to the adoption of ICT for effective performance among women-owned SMEs in Nigeria

Ok and Ahn, (2019) focuses on the effect of EO on SMEs' sustainable growth would differ depending on performance feedback based on their past performance. The empirical analysis based on panel analysis shows that SMEs strongly pursue sales growth immediately after they achieve lower levels of performance than historical aspiration. However, when their performance goes beyond the historical aspiration level, their growth patterns appear to show a different pattern depending on their level of EO. SMEs with greater EO are more likely to pursue firm growth when performance is above historical aspirations while those with lesser EO are not.

Gilley, Walters and Olson (2002) examined the impact of top management team (TMT) risk-taking propensity on firm performance. The data was collected through a mailed survey questionnaire answered by the top executives of small to large firms from 16 different industrial sectors. Risk-taking was measured by combining items to two factors of general risk-taking and product/process risk-taking. Performance was operationalized through a wide range of measures. These measures were then divided into three categories of financial performance, innovation performance and stakeholder performance. They found that a combined measure of product/ process and general risk-taking has a positive impact on all three performance categories.

2.2 Resource Based View Theory

Resource-Based View (RBV) theory was first put forward by (Wernerfelt, 1984), who said that the company is a vast collection of resources, in the form of Tangible or Intangible Assets that are bound to the company. (Barney, 1991) explains that company resources must meet VRI (Valuable, Rare, Inimitable, and Non-substitutable) criteria to achieve sustainable competitive advantage and produce extraordinary performance. (Zhou et al., 2007) states that Strategic orientation is one of the intangible assets owned by a company, which can lead to superior company performance. (Ferraresi et al., 2012) states that the Strategic Orientation consists of seven types of traits, namely Market Orientation (MO), Entrepreneurial Orientation (EO), Customer Orientation, CostOrientation, Innovation Orientation, Competitor Orientation, Learning Orientation, Employee Orientation and Interaction Orientation. (Runyan et al., 2006) state that for small business owners, Entrepreneurship Orientation (EO) is one part of management skills, and is a resource that can provide competitive advantage and can improve small business performance. (Talaja et al., 2017) state that the MO represents strategic competencies that increase better utilization of market-based assets/resources, and the MO directly and indirectly (through VRIN resources) increases competitive advantage and that competitive advantage leads to higher levels of company performance. Whereas (Nguyen, 2018) states that the use of resources such as Management Accounting Systems (MAS) in market-oriented companies, in addition to meeting the VRIN requirements in RBV theory, will enable companies to promote learning and create knowledge so that company performance is superior

3. METHODOLOGY

This study employed a cross sectional research design to examine the relationship between the predictor variables (innovativeness, proactiveness and risk-taking) and endogenous variables (service quality), with the moderator multi-level conceptualization. The population of the study consists of all small-scale enterprise owners in Gwagwalada area council. Simple random technique was used, while the sample size of 422 was arrived at using formula suggested by Snoara as cited in Israel (2003) for an infinite population. Data were generated from primary sources through well-structured questionnaires adapted from Nelia, (2015). Meanwhile data were analysed using descriptive, correlation matrix and Regression with the aid of SmartPLS2

3.1 Measurement

Entrepreneurial orientation

Entrepreneurship researchers have adopted D. Miller and Friesen's (1982) original measurement of organizational-level entrepreneurship or slightly modified D. Miller's measurement (1983) and adopted or extended it with several other studies (Covin&Slevin, 1991; Dess et al., 1999; Lumpkin &Dess, 1996). This study based the measure of EO that is now referred to as the Miller/Covin and Slevin scale (Brown et al., 2001). The scale contains items that measure a firm's tendency toward innovativeness, risk taking, proactiveness, aggressiveness, and autonomy. Wiklund (1999) identified that this measure is a viable instrument for capturing firm-level entrepreneurship. Innovativeness is assessed by asking founder-managers about the product-market and technological aspects of innovation (D. Miller & Friesen, 1982) and the firm's overall propensity of innovative behavior (Hurt, Joseph, & Cook, 1977). Firm risk taking is assessed by asking founder managers about the firm's propensity to engage in risky projects and preference for bold versus cautious acts to achieve firm objectives (Lumpkin &Dess, 1996). Proactiveness is assessed by asking founder-managers about the firm's tendency to lead, rather than follow, in terms of developing new procedures, technologies and new products or services (Covin&Slevin, 1989).

Multilevel Conceptualization

The concept of multilevel conceptualization was operationalized as the dominant set of beliefs and premises associated with the management of the firm. This study adopted the category developed by Krogh, Erat and Macus(2000). The category set consists of two dimensions: internal conceptualization (people, culture and product and brand); and external conceptualization (competitor, customers and

consumer, and technology). These dimensions are in the spirit of Prahalad and Bettis' (1986) definition concerning, and consistent with the formulations proposed by Grant (1988), Ginsberg (1990) and Coté, Langley and Pasqueiro (1999). Internal conceptualization is measured through examining the extent to which the beliefs, values and assumptions of the founder-manager infuse the whole organization and shape the risk-taking experiences of the group members during the start-up stage (Schein, 1983). External conceptualization is assessed by asking founder-managers about their propensity to cope with environmental complexity in order to retain their capacity to act (March, 1994).

Service Quality

Service quality (SERVQUAL) gives more weight on the service delivery process rather than the other features of service (Kang & James, 2004). However, many researchers have expressed their reservation about the relevance of SERVQUAL dimensions with the criteria for measuring the service quality from the customer's point of view (Finn and Charles, 1991; Cronin and Taylor, 1992). Subsequently, a hierarchical model (DTR) for measuring the retail service quality was developed by Dabholkar et al. (1996) which is the composition of uni-levels and dimensions. They recorded customers' activities carefully with a view to identifying key factors affecting customers' perceptions of retail service quality.

4. RESULTS AND DISCUSSIONS

Measurement model: The reliability and validity of the model were assessed by the measurement model of PLS-SEM path modeling. As can be seen from Table 1, the reliability analysis has been achieved for all reflective constructs as represented by Composite Reliability (CR), which is above the threshold of 0.70 for all variables. The Average Variance Extracted (AVE) that represents the convergent validity of reflective constructs is also achieved. As shown in Table 1, the grand mean scores of each construct (i.e., the average of the squared of factor loadings of each construct's items) is above the threshold of 0.50 and thus indicates that each of these constructs explains more than 50% of the variance of its indicators (Hair et al., 2014). On the other hand, to ascertain the discriminant validity of the reflective constructs, the square root of AVE of each variable should be higher than its correlations with any other construct (Fornell and Larcker, 1981). As shown in Table 2, the diagonal bolded values represent the square root of AVE, which is above the correlation of any reflective variable with one another. This clearly indicates the distinctiveness of each of these constructs

Table 1: Measurement information: convergent validity (n = 422)

CONSTRUCT	ITEMS	LOADING	AVE	CR
INNOVATIVENESS	INNO1	0.562		
	INNO2	0.812		
	INNO3	0.839	0.765	0.669
	INNO4	0.861		
PROACTIVENESS	PRO1	0.610	0.854	0.9108
	PRO2	0.835		
	PRO3	0.757		
	PRO4	0.715		
RISK-TAKING	RT1	0.562	0.818	0.6983
	RT2	0.724		
	RT4	0.692		
SERVICE QUALITY	SQ1	0.881	0.934	0.805
	SQ2	0.753		
	SQ3	0.642		
	SQ4	0.553		

R3 was deleted due to measurement issues, CR: Composite reliability, AVE: Average variance extracted

Table 2: Measurement information: discriminant validity (n = 422)

SERVICE QUALITY	0.7617					
INNOVATIVENESS	0.5437	0.9521	0.4684	0.9234		
PROACTIVENESS	0.5208	0.4016	0.6624	0.6589	0.7004	
RISK-TAKING	1.0040	0.6663	0.9172	0.8499	0.8865	0.7948

Diagonal values correspond to the square root of the AVE of the reflective constructs.

Table 3: Variance inflation factor and formative indicators significance testing results (n = 422)

		VIF	OUTER WEIGH T	OUTER LOADIN G
	INTERNAL CONCEPTUALIZATIO N	0.093 4	0.6151	0.6289
ENTREPRENURIA L ORIENTATION	INNOVATIVENESS	3.007 3	0.6123	0.6885
	PROACTIVENESS	1.964 8	0.6108	0.8446
	RISK-TAKING	1.614 8	0.6103	0.6627

***p<0.01; **p<0.05; *p<0.1,

The values in parentheses (i.e., outer loadings) represent absolute contribution or importance, while their corresponding values on the left (i.e., outer weights) represent relative contribution or importance of that same indicator to the main construct (i.e., Entrepreneurial Orientation). VIF: Variance inflation factor

To study the formative model (Entrepreneurial Orientation), there are two situations to investigate each signal (Hair et al., 2014). First, investigate indications with VIF levels below 5. Second, assess each indicator's statistical contribution to the main construct. As the construct is a reflective formative Hierarchical Component Model (HCM), the repeated indicator approach was used by repeating the indicators of Lower Order Components (LOCs), i.e., innovativeness, risk-taking, and proactiveness, on the Higher Order Component (HOC), i.e., Entrepreneurial Orientation to obtain the latent variable scores of LOCs (Afthanorhan, 2014; Becker et al., 2012; Ringle et al., 2012). The two-stage technique used each LOC's score as a formative indicator for HOC (Hair et al., 2014).

Table 3 indicates all formative construct VIF scores are below 5. Indicators aren't multicollinear. All formative indicators' outer weights vary from zero to indicate relative contributions to the fundamental concept. All formative indicators contribute to the construct as their outer loadings are above 0.50. Unlike outside weights, outer loadings relate only to one indicator's data (Hair et al., 2014).

Structure model (internal model)

The next component, after deciding to fit the model from the measurement model, is the structural or interior model. Hair et al. (2013) established four main evaluation requirements of the PLS-SEM structural model. These involve evaluations of the importance of the trajectory coefficients, the coefficient of determination (R2), the effect size (f2) and, finally, (4) the predictive relevance (Q2). However, a start-up study is necessary to determine the direct influence of moderating role of multi-level conceptualization on effect of entrepreneurial orientation and service quality of selected SMEs in Abuja. Bootstrapping was done using 5000 subsamples, 120 cases were kicked. The structural model of direct effects is shown in Figure 1

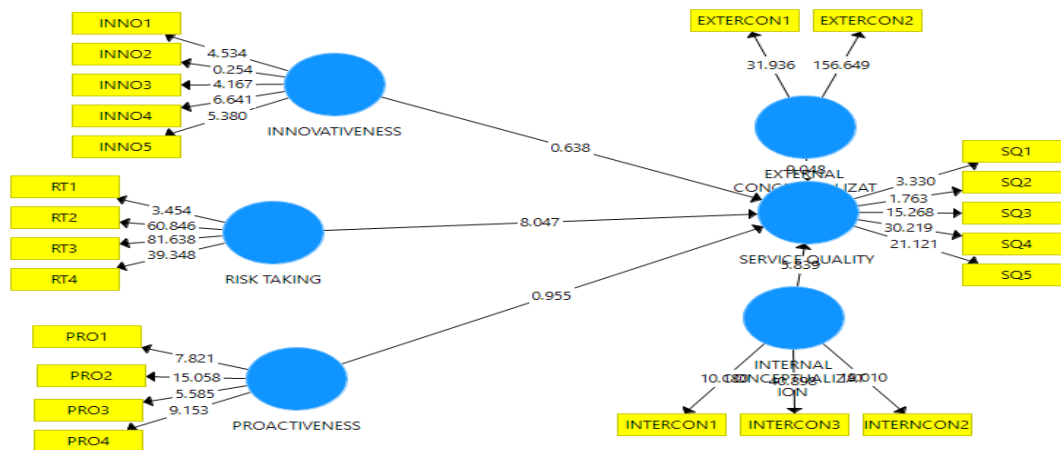


Fig. 1. Structural Model for Direct Relationship

Test of Hypotheses

The study tested for the first four hypotheses before the moderation. From Table 4.9, the study presented the results of the path coefficients for the structural model with the beta value of the relationships, t-statistic, and p-value

Table 3 path coefficient for direct relationship

Hypotheses	Relationship	Beta	Std Error	T-value	p-value	Decision
H1a	INNOVATIVENESS	0.0196	0.0256	0.6380	0.5238	Rejected
H2a	PROACTIVENESS	0.0395	0.0413	0.9551	0.340	Rejected
H3a	RISK-TAKING	0.195	0.0414	8.0472	0.000** *	Rejected

***P value <0.01, **P value<0.05 *P-value<0.1

4.6.2.2 Hypotheses

The hypotheses were used to test the moderating role of external conceptualization on effect of talent management and service quality. The hypotheses of the study were tested using the t- test (t-statistics) and p-value at 5% level of significance. The null hypotheses will be accepted if the t-statistics is less than 1.96 and the p-value greater than 5% otherwise rejected. The study first test three hypotheses for the direct relationship and subsequently with the moderator.

Hypothesis (Innovativeness and Service quality) state that:

Ho_{1a}: innovativeness has no significant effect on service quality.

The regression coefficient linking innovativeness and service quality of SMEs was significant ($\beta=0.0196$, t-statistics=0.6380, p-value= 0.5238). Thus, the null hypothesis was accepted while the alternate was rejected.

Hypothesis 2a (Proactiveness and Service quality) state that:

Ho₂: talent proactiveness has no significant effect on service quality.

The regression coefficient linking proactiveness and service quality of SMEs was not significant ($\beta=0.0395$, t-statistics=0.9551, p-value= 0.340). Thus, we fail to accept null hypothesis while the alternate was accepted.

Hypothesis 3a (Risk-taking and Service quality) state that:

Ho₃: risk-taking has no significant effect on service quality

The regression coefficient linking risk-taking and service quality of SME was significant ($\beta=0.195$, t-statistics=8.0472, p-value= 0.000). Thus, the null hypothesis was rejected while the alternate was accepted.

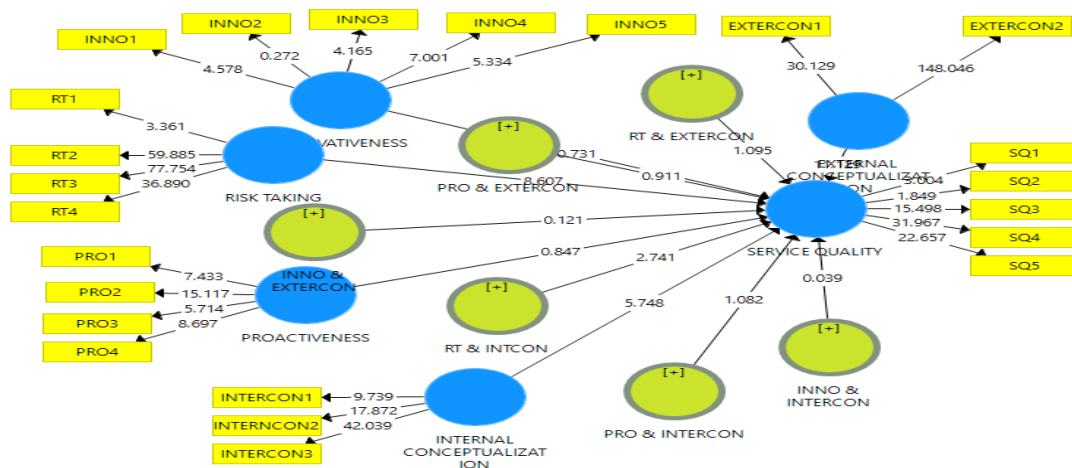
Table 4 Effect Size and Predictive Relevance

Construct	R2 included	R2excluded	F2	Effect size
INNOVATIVENESS	0.545	0.518	0.055	Small
PROACTIVENESS	0.545	0.518	0.063	Small
RISK-TAKING	0.545	0.518	0.014	Small

Q2 0.543

The effect size of explanatory variables (innovativeness, proactiveness and risk-taking) on the service quality in Table are 0.055 (5.5%), and 0.063(6.3%) respectively, which shows that innovativeness and proactiveness have medium effect on the endogenous variable. However, and 0.014(1.4%) indicates that risk-taking has small effect on the endogenous variable. The second quarter reflects the statistical significance of the model. According to the Storne-Gaissser criterion, the value of Q2 must be above 0 for predictive significance. The value of Q2 in the Table is 0.543, which is more than 0

4.6.2.3 The Moderating Effect



Structural Model for Moderated Relationship

Table 5 path coefficient for moderation relationship

Hypotheses	Relationship	Beta	Std Error	T-value	p-value
H1	INNO*INTERCON -> SQ	- 0.0053	0.0439	0.1211	0.9037
H2	PRO * INTERCON -> SQ	- 0.0570	0.0527	1.0820	0.2798
H3	RT * INTERCON - > SQ	0.1002	0.0366	2.7408	0.0063
	INNO*EXTERCON -> SQ	0.0021	0.0531	0.0394	0.9685
	PRO * EXTERCON -> SQ	- 0.0380	0.0417	0.9112	0.3626
	RT * EXTTERCON -> SQ	0.0507	0.0463	1.0945	0.2743

RT = Risk-Taking, INNO = Innovativeness, PRO= Proactiveness, INTERCON= Internal Conceptualization, EXTERCON= External conceptualization

***P value <0.01, **P value<0.05 *P-value<0.1

Source: Summary of Smart PLS Model 3.0

Hypothesis 1b (Innovativeness and Service quality; Moderating Role of Internal Conceptual) state that:

Ho₁: Internal Conceptualization does not moderate the relationship between innovativeness and service quality.

The regression coefficient linking moderating effect of Internal Conceptualization on the nexus between innovativeness and service quality of SMEs was not significant ($\beta = -0.0053$, t-statistics=0.1211, p-value= **0.9037**). Thus, the null hypothesis was accepted while the alternate was rejected.

Hypothesis 2b (Proactiveness and Service quality Moderating; Role of Internal Conceptual) state that:

Ho₂: Internal Conceptualization do not moderate the relationship between proactiveness and service quality

The regression coefficient linking moderating effect of internal conceptualization on the nexus between proactiveness and service quality of SMEs was not significant ($\beta=-0.0570$, t -statistics=1.0820, p -value= **0.2798**). Thus, we fail to reject null hypothesis while the alternate was rejected.

Hypothesis 3b (Risk-taking and Service quality; Moderating Role of Internal Conceptualization) state that:

Ho₃: Internal Conceptualization does not moderate the relationship between risk-taking and service quality

The regression coefficient linking moderating effect of Internal Conceptualization on the nexus between risk-taking and service quality risk-taking and service quality of SMEs was significant ($\beta=0.01002$, t -statistics=2.7408, p -value= **0.0063**). Thus, the null hypothesis was rejected while the alternate was accepted.

Hypothesis 4b (Innovativeness and Service quality; Moderating Role of External conceptualization) state that:

Ho₄: external conceptualization does not moderate the relationship between innovativeness and service quality.

The regression coefficient linking moderating effect of external conceptualization on the nexus between innovativeness and service quality of SMEs was not significant ($\beta=-0.0021$, t -statistics=0.0394, p -value= **0.9685**). Thus, we fail to reject the null hypothesis, while the alternate was accepted.

Hypothesis 5b (Proactiveness and Service quality Moderating; Role of External Conceptual) state that:

Ho₅: External Conceptualization do not moderate the relationship between proactiveness and service quality

The regression coefficient linking moderating effect of external conceptualization on the nexus between proactiveness and service quality of SMEs was not significant ($\beta=-0.0380$, t -statistics=0.9112, p -value= **0.3626**). Thus, we fail to reject null hypothesis while the alternate was rejected.

Hypothesis 6b (Risk-taking and Service quality; Moderating Role of External Conceptualization) state that:

Ho₆: External Conceptualization does not moderate the relationship between risk-taking and service quality

The regression coefficient linking moderating effect of Internal Conceptualization on the nexus between risk-taking and service quality risk-taking and service quality of SMEs was significant ($\beta=0.0507$, t-statistics=1.0945, p-value= **0.2743**). Thus, the null hypothesis was accepted while the alternate was rejected.

Table 6 Effect Size and Predictive Relevance

Construct	R2 included	R2excluded	F2	Effect size
INNO*INTERCON -> SQ	0.572	0.560	0.010	Small
PRO * INTERCON -> SQ	0.572	0.560	0.012	Small
RT * INTERCON - > SQ	0.572	0.560	0.001	Small
INNO*EXTERCON -> SQ	0.572	0.560	0.009	Small
PRO * EXTERCON -> SQ	0.572	0.560	0.002	Small
RT * EXTTERCON -> SQ	0.572	0.560	0.043	Medium

Q2 0.241

The effect size of interaction between external/internalconceptualization and explanatory variables (innovativeness, proactiveness and risk-taking on the service quality in which shows there is small effect on the endogenous variable. However, the interaction between external conceptualization and risk-taking on service quality has medium effect. The second quarter reflects the statistical significance of the model. According to the Storne-Gaissser criterion, the value of Q2 must be above 0 for predictive significance. The value of Q2 in the Table is 0.241, which is more than 0

5. CONCLUSION AND RECOMMENDATIONS

The study concludes that innovativeness and proactiveness have a favorable but minor effect on service quality, and even when paired with multi-level conceptualization, this influence remains modest. Despite this, risk-taking was shown to have a substantial link with service quality. This relationship was also favorably strong and significant when paired with simply internal and conceptualization factors. In order to generate a competitive advantage and ultimately improve the quality of service provided by SMEs, the study suggested that owners and managers of those businesses invest not only in tangible resources such as land, buildings, and equipment, but also in intangible resources such as the pursuit of consistency and innovation. They need to make certain that the business environment is researched prior to the implementation of the market strategy in order to determine the appropriate action to take or the alternative that will result in improved service quality.

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