



THE NEXUS BETWEEN CULTURAL FACTORS AND ENTREPRENEURIAL PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN NIGERIA

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ABSTRACT: *This research paper presents an empirical investigation into the nexus between cultural factors and entrepreneurial performance of small and Medium Scale Businesses in Nigeria. Africa is a continent dominated by Culture and culture affects daily sales and it also affects demands and supply as well as patronage of any business. This paper is aimed at investigating the effect of cultural factors on entrepreneurial performance as well as ascertaining the nature of relationship between cultural factors and entrepreneurial performance. This research adopted a descriptive survey method. This research used a quantitative approach to data gathering of 200 SME employees through a Likert scaled questionnaire for data analysis. The study concludes through its findings that social network capital, cultural factors, Risk-taking behavior and Work ethic and perseverance have a significant, positive and direct effect on entrepreneurial performance of SMEs in Delta state. The study also revealed that other cultural factors like Attitudes toward Failure and religious beliefs have a significant and direct effect on entrepreneurial performance of SMEs in Delta state. The research paper empirically showed that there is a great and significant relationship between cultural factors and entrepreneurial performance of SMEs in Delta state. The study has proven that people's culture does affect entrepreneurial performance. Therefore this study recommends that before setting up businesses in any location, a smart entrepreneur should first observe the culture of the people living in that geographical location of the proposed business to ascertain the kind of business that will be most appropriate for the culture of the people there.*

KEYWORDS: Cultural factors, Entrepreneurial performance, SME's, Social network capital, Business location, Risk-taking behavior



INTRODUCTION

An extensive array of factors, ranging from technological advancements and economic situations to personal traits and institutional frameworks, impact the complex phenomenon of entrepreneurship. Out of all of these, culture has the most impact on the decisions and outcomes made by entrepreneurs (Chukwuka 2016). Cultural factors comprise several elements such as risk taking behaviors, work ethic and perseverance, Attitudes towards failures, values, religious beliefs and other beliefs, norms, traditions, and social network capital practices. Each of these traits affects how people perceive entrepreneurship, manage risk, and conduct themselves in professional environments (Welter & Smallbone, 2011). In order to promote entrepreneurial environments that are sensitive to cultural variety and supportive of innovation and growth, politicians, educators, and practitioners must have a thorough understanding of the complex interactions between culture and entrepreneurship. Scholars have come to understand the importance of cultural elements in influencing entrepreneurial behavior and results during the last few decades (Shane, 2012). Although economic and individual factors dominated early studies on entrepreneurship, it is now becoming increasingly clear that culture has a significant influence on the goals, choices, and behaviors of entrepreneurs (Chukwuka & Imide, 2024). As a result, there is a growing interest in examining how culture affects entrepreneurship in various contexts and environments. In order to promote entrepreneurial environments that are sensitive to cultural variety and supportive of innovation and growth, politicians, educators, and practitioners must have a thorough understanding of the complex interactions between culture and entrepreneurship. Scholars have come to understand the importance of cultural elements in influencing entrepreneurial behavior and results during the last few decades (Shane, 2012). Although economic and individual factors dominated early studies on entrepreneurship, it is now becoming increasingly clear that culture has a significant influence on the goals, choices, and behaviors of entrepreneurs (Chukwuka & Igweh, 2024). As a result, there is a growing interest in examining how culture affects entrepreneurship in various contexts and environments.

Collectivist cultures, which include many Asian nations, on the other hand, place more value on social conformity and group cohesion, which may have an impact on risk-taking and entrepreneurial tendencies (Chukwuka & Imade, 2022). Uncertainty avoidance, or how uncomfortable people are with ambiguity and uncertainty, is another significant cultural factor (Chukwuka & Imide, 2023). Higher aversion to risk and a preference for steady and secure employment may be found in cultures with high levels of uncertainty avoidance, such as Germany and Japan (Miller, 2012). This may have an effect on entrepreneurship by influencing people's propensity to take chances and seize business opportunities (Amorós & Cristi, 2015).

The influence of cultural values on entrepreneurial conduct is equally significant. For instance, Chukwuka and Igweh (2024) distinguished four cultural factors that affect attitudes toward entrepreneurship in various societies: power distance, uncertainty avoidance, individualism-collectivism, and masculinity-femininity. The entrepreneurial process can be impacted by these cultural values in a number of ways, such as opportunity recognition, resource mobilization, and firm growth (Schjoedt et al., 2013). Another significant cultural component that affects entrepreneurial behavior is social networks. Social networks, which offer access to resources, knowledge, and support, are fundamental to entrepreneurship in many cultures (Aldrich & Zimmer, 2015). For entrepreneurs, professional associations, ethnic communities, and family ties can be important networks that provide access to capital, markets, and business guidance (Ramoglou & Tsang, 2016).



Social networks, however, can also operate as obstacles to entrepreneurship, especially in societies whose customs and social norms discourage taking chances and being creative (Estrin et al., 2018). According to Welter et al. (2017), there exist certain societies where entrepreneurial prospects are restricted to specific social groups or networks, resulting in disparities in the availability of resources and possibilities. Thus, comprehending social network dynamics is essential to comprehending how culture influences entrepreneurial behavior and results. Cultural perspectives on risk and failure also have an impact on entrepreneurial behavior. Failure is stigmatized and viewed as a cause of disgrace and shame in various cultures (Shepherd & Patzelt, 2017). This may discourage people from taking chances and pursuing entrepreneurial endeavors, which would diminish the rates of entrepreneurship in these societies (Chukwuka & Igweh, 2024). Conversely, people might be more inclined to take chances and pursue novel projects in societies where failure is seen as a useful teaching tool and a prerequisite for success (Cassar & Friedman, 2017). In a similar vein, cultural perspectives on risk may influence entrepreneurial actions. People may be more risk-averse and less inclined to engage in entrepreneurial activities in environments where there is a high level of uncertainty avoidance (Miller, 2012). On the other hand, people might be more likely to investigate new business prospects and take risks in societies where doing so is valued and encouraged (Sarasvathy et al., 2014). Entrepreneurial behavior and outcomes are also greatly influenced by institutional and regulatory variables.

Cultural norms and beliefs affect how entrepreneurs operate in terms of the law and regulations, which in turn affects things like property rights, contract enforcement, and financing availability (Dheer & Lenartowicz, 2018). Entrepreneurs may encounter major obstacles to entry and expansion in societies with weak legal systems and high levels of corruption (Aidis et al., 2018). On the other hand, entrepreneurs might find it simpler to launch and expand companies in societies where institutions are predictable and transparent (Dheer & Lenartowicz, 2018). Furthermore, the degree of support and recognition that entrepreneurs receive from the public and governments can be influenced by cultural perspectives on entrepreneurship (Acs et al., 2018). Governments may put laws and measures in place to encourage entrepreneurship in societies where it is regarded and appreciated. Examples of these include tax breaks, company incubators, and programs for entrepreneurship education (Gras et al., 2016). Yet, entrepreneurs may encounter heavier regulatory constraints and social stigma in societies where entrepreneurship is regarded with mistrust or contempt, which would hinder their capacity to prosper (Acs et al., 2018).

Culture is a behavior or a way of life of a people living in a geographical region. Cultural factors have to do with those elements in the culture that affect what the people do part time. One major problem that this study wants to solve is to demystify the nature of effect that cultural factors have on entrepreneurial performance. People's culture does affect entrepreneurial performance positively or negatively. People's culture affects demand and supply of entrepreneurial goods and services. Culture determines business patronage and a lot of businesses suffer for not assessing cultural locations first to ascertain cultural suitability of the proposed business before setting up the new business. This is a major problem of entrepreneurial performance.

The general objective of the study is to investigate the effect of cultural factors on entrepreneur performance in Delta state.

The specific objectives are to:



- a. Investigate the effect of cultural factor on entrepreneurial performance in small scale business;
- b. Ascertain the relationship between cultural factors and entrepreneurial performance of small scale business.

LITERATURE REVIEW

The Concept of Cultural Factors and Entrepreneurial Performance in SMEs

Cultural factors encompass the prevailing cultural attitudes, beliefs, conventions, or values within a specific demographic group or population, as well as the forces that shape these beliefs. Age, gender, ethnicity, race, religion, and other cultural traits are a few examples of these variables (Idehen, 2007). The ability of an entrepreneur to achieve favorable results in terms of productivity, profitability, survivability, and innovativeness inside an organization is known as entrepreneurial performance (Chukwuka, 2018). The ability of a business organization to employ resources effectively and efficiently in order to achieve desired results and its general goals is known as its entrepreneurial performance. Entrepreneurial performance is also the assessment and measurement of an entrepreneur's efficiency and productivity in accomplishing their business objectives is known as entrepreneurial performance. It is essential to the development and success of a commercial endeavor. Igweh and Chukwuka (2024) define entrepreneurial performance as the difference between an entrepreneur's actual and expected production. Growth, productivity, creativity, profitability, and survival are metrics of entrepreneurial achievement at the firm level (David, 2014).

Productivity is the amount of work generated by the company; profitability is the ability of the company to reach or surpass a financial benchmark; innovativeness is the amount of new items the company produces; and business survival is the continuation. The extensive and varied body of research on the impact of cultural variables on entrepreneurial behavior reflects the intricate relationship between culture and entrepreneurship. A thorough analysis of recent research on this relationship's many facets, such as cultural values, social networks, perceptions of risk and failure, and institutional and regulatory considerations, is given in this section. People's attitudes, beliefs, and behaviors are shaped by their cultural values, which also affect how likely they are to start their own business (Shane, 2012). Four fundamental aspects of power distance, uncertainty avoidance, individualism-collectivism, and masculinity-femininity that have been extensively employed to examine the impact of culture on entrepreneurship were established by Hofstede in his groundbreaking 1980's study on cultural dimensions. Particularly, individualism-collectivism has drawn a lot of attention in the literature.

Studies reveal that people from collectivistic cultures are less likely than those from individualistic cultures to demonstrate high levels of entrepreneurial intention and engagement (Amoros & Cristi, 2015). Entrepreneurial conduct is supported by individualistic cultures, such as those seen in Western Europe and the United States, which value initiative, autonomy, and success (Stephan & Uhlaner, 2010). Collectivistic cultures, which include many Asian nations, on the other hand, place more value on social peace and uniformity, which might stifle risk-taking and entrepreneurial tendencies (Liñán & Fayolle, 2015). Another cultural factor that affects entrepreneurial behavior is the avoidance of uncertainty. Because they value stability



and security more than uncertainty, cultures with high degrees of uncertainty avoidance typically have lower levels of entrepreneurial engagement (Miller, 2012).

On the other hand, societies that have low levels of uncertainty avoidance tend to be more accepting of risk and ambiguity, which creates an atmosphere that is more favorable for entrepreneurship (Amorós & Cristi, 2015). Furthermore, it has been discovered that entrepreneurial activity is positively influenced by cultural values including individuality, creativity, and tolerance for uncertainty (Muñoz et al., 2018). For instance, entrepreneurs who explore innovative company concepts and engage in disruptive innovation are more likely to come from cultures that encourage creativity and innovation (Muñoz et al., 2018). Similarly, societies that value autonomy and individualism are more likely to encourage their people to be self-sufficient and enterprising (Emon & Khan, 2023). Due to their ability to provide resources, information, and support, social networks are vital in influencing the behavior of entrepreneurs (Aldrich & Zimmer, 2015).

According to Ramoglou and Tsang (2016), family relationships, ethnic communities, and professional affiliations are crucial networks for entrepreneurs as they provide them with access to capital, markets, and business guidance. Research has indicated that social media platforms can impact entrepreneurial results in both favorable and unfavorable ways. Robust social networks have the potential to bolster entrepreneurial achievement by giving access to important resources such as human, financial, and social capital (Stam & Elfring, 2008). Additionally, social networks can provide entrepreneurs with emotional support and motivation to assist them overcome the obstacles and uncertainties that come with starting their own business (Aldrich & Zimmer, 2015). However, social networks can also operate as impediments to entrepreneurship, especially in societies where customs and social norms discourage taking chances and being creative (Estrin et al., 2018).

Welter et al. (2017) state that there are civilizations in which opportunities for entrepreneurship are limited to particular social groups or networks, leading to differences in the resources and opportunities that are available. Furthermore, by reinforcing the existing power structures, social networks have the ability to perpetuate socioeconomic, racial, and gender inequities in entrepreneurship (Ramoglou & Tsang, 2016). The results and actions of entrepreneurs are significantly influenced by the way different cultures see risk and failure. In cultures where failure is stigmatized and seen as a source of shame and embarrassment, people may be reluctant to undertake entrepreneurial efforts and take risks (Shepherd & Patzelt, 2017). Fear of failure can stifle entrepreneurship and innovation, which would stifle advancement and development of the economy (Chukwuka & Nwomiko, 2018). On the other hand, people might be more inclined to take chances and pursue novel projects in societies where failure is seen as an important teaching tool and an essential step on the road to success (Cassar & Friedman, 2017). Research has demonstrated that cultural perspectives on failure have a substantial impact on entrepreneurial intents and behavior, affecting people's propensity to seize business chances and endure hardship (Shepherd & Patzelt, 2017). In a similar vein, risk perceptions within a culture might influence entrepreneurial behavior. People may be more risk-averse and less inclined to engage in entrepreneurial activities in environments where there is a high level of uncertainty avoidance (Miller, 2012).

On the other hand, people might be more likely to investigate new business prospects and take risks in societies where doing so is valued and encouraged (Sarasvathy et al., 2014). Entrepreneurial behavior and outcomes are also greatly influenced by institutional and



regulatory variables. Cultural norms and beliefs affect how entrepreneurs operate in terms of the law and regulations, which in turn affects things like property rights, contract enforcement, and financing availability (Dheer & Lenartowicz, 2018). Entrepreneurs may encounter major obstacles to entry and expansion in societies with weak legal systems and high levels of corruption (Aidis et al., 2018). Furthermore, how society and government view entrepreneurship can have an impact on how much assistance and recognition entrepreneurs receive (Emon & Nipa, 2024).

Governments may put laws and measures in place to encourage entrepreneurship in societies where it is regarded and appreciated. Examples of these include tax breaks, company incubators, and programs for entrepreneurship education (Gras et al., 2016). Yet, entrepreneurs may encounter heavier regulatory constraints and social stigma in societies where entrepreneurship is regarded with mistrust or contempt, which would hinder their capacity to prosper (Acs et al., 2018).

Types of Cultural Factors that Influence Entrepreneurial Success and Performance

The following are some ways that cultural factors can affect entrepreneurial success as stated by Cassar and Friedman (2017):

1. **Risk-taking behavior:** Cultural attitudes towards risk-taking vary across different societies. In some, people are encouraged to take risks and are praised for their entrepreneurial endeavors. This kind of support from society can foster a positive mindset towards entrepreneurship and encourage people to pursue innovative business ideas. On the other hand, in more risk-averse cultures, people may be less inclined to take the necessary risks involved in starting a bus. Ultimately, cultural factors have a significant p-impact on entrepreneurial success because they shape people's mindset, values, and behaviors.
2. **Work ethic and perseverance:** Cultural norms and attitudes regarding these traits have a big influence on the success of entrepreneurs. Entrepreneurs who come from cultures that emphasize perseverance, hard effort, and resilience are more likely to succeed. These cultural norms encourage the tenacity and resolve required to overcome obstacles and disappointments that entrepreneurs frequently encounter. On the other hand, societies that place less emphasis on work and emphasize leisure time might not offer the encouragement and support needed for entrepreneurship to succeed.
3. **Social networks capital and support systems:** Social networks and support systems for entrepreneurs are shaped in large part by cultural factors. Strong support systems, like those seen in families and communities, may exist in some cultures and offer resources, counsel, and guidance to budding business owners. These networks can be very helpful to entrepreneurs in overcoming the difficulties and roadblocks that come with launching and expanding a company. On the other hand, cultures devoid of these kinds of support systems can make it more challenging for business owners to get the tools and advice they need, which could reduce their chances of success.
4. **Attitudes toward failure:** The way a culture views failure has a big influence on how successful businesses are. People who live in societies where failure is socially stigmatized could be less risk-takers and more wary of failing. Potential business owners may be discouraged from pursuing their ideas due to this fear of failing, which can also reduce their chances of success. On the other hand, entrepreneurs are more



likely to persevere and eventually succeed in societies that view failure as a teaching opportunity and encourage people to learn from their mistakes.

On the other hand, entrepreneurs are more likely to persevere and eventually succeed in societies that view failure as a teaching opportunity and encourage people to learn from their mistakes.

Access to resources and capital: Cultural considerations might also affect an entrepreneur's ability to obtain these resources and funds. Strong entrepreneurship cultures with established networks of financiers and investors that back start-ups are possible in particular societies. It might be simpler for company owners in these cultures to obtain the capital and resources required to launch and expand their enterprises. In contrast, entrepreneurs may encounter more difficulties obtaining the required capital and resources in societies where capital is scarce or where entrepreneurship is not well regarded (Chukwuka & Eboh, 2018).

In summary, cultural factors have a significant effect on the success of entrepreneurs. These elements, which include work ethic, social networks, risk-taking behaviors, failure-awareness, and cash availability, all influence the mindset and surroundings of entrepreneurs. Aspiring entrepreneurs can increase their chances of success by navigating the difficulties and seizing the possibilities within their unique cultural setting by being aware of and understanding these cultural elements.

The Nature Relationship between Cultural Factors and Entrepreneurial Performance

The correlation between cultural variables and the performance of entrepreneurs exhibits variability across different cultures. Within that nation or region, entrepreneurial activity is influenced by cultural norms and values (Morris, 2005). Understanding how cultural values impact people's behaviors within a culture is crucial for understanding entrepreneurship (Turker, 2009). Cultural values, which are fundamental to society, have an impact on entrepreneurial activity at the national level (Kreiser et al., 2010). Culture is the way that acquired behavior is passed down from generation to generation through imitation and language. Culture is the process of differentiating one group from another through the system of values. It consists of patterns of values, beliefs, and symbolic aspects that influence human behavior (Mueller, 2000).

The conventional patterns of human behavior that regulate people and shape their motivational factors and cognitive processes to direct behavior standards and choices are known as norms and values. The set of values that molds the human psyche identifies the group or civilization that inspires or molds, and it might not be prevalent in another society due to a difference in values (Mueller, 2000). It offers assistance in resolving problems that entrepreneurs face on a daily basis (Lounsbury & Glynn, 2001). Furthermore, culture is an individual's habitual style of thinking and feeling that results from "mental programming" that varies from person to person.

According to Baughn and Neupert (2003), mental programming is the term used to describe beliefs that are ingrained in society norms and values that are passed down from generation to generation. Social norms are the unwritten ground rules of behavior within a group that influence decision-making at the individual level.

Issues with Cultural Factors Affecting an Organization's Entrepreneur Performance



Problems with cultural contexts are essentially those that can obstruct, disrupt, or hamper a company's growth, development, and expansion as it works to meet the needs of its target market and add value to the business (Chukwuka & Igweh, 2024). The fundamental cultural contexts issues affecting entrepreneurial performance in Nigeria are, in particular, include the inability to implement contemporary cultural contexts techniques and strategies, the challenge of managing the company's advertising and other promotional tools, the competition from large companies, the deficiency of adequate research, the incapacity to analyze market opportunities, the subpar and low-tech production technology, the deficiency of adequate financing for cultural contexts activities, the subpar standardization and quality of products, the warehousing and inventory control, the poor transportation facilities, branding packaging, financing and credit facilities, and risk-taking, among other issues (Tom, 2014).

METHODOLOGY

The paper adopted a descriptive survey method which allows the use of quantitative approach to the primary data gathering of 200 SME employees in Asaba through the use of Likert scale questionnaires. A study population of 200 SME employees in Asaba was arbitrarily selected. The researcher printed and distributed 133 questionnaires, but only 120 were perfectly answered and returned which is about 90% return rate and this was used for the study. Consequently, the responses of the 120 questionnaires were subject to different statistical analysis and results presented in table formats and percentage for easy understanding. Research question and test of hypothesis was analyzed using multiple regression and correlation approach using SPSS version 20.

RESULTS PRESENTATION

Utilizing frequency, percentage, and mean inferential statistics, the study's data were statistically examined. The cut-off point for the Likert scale's mean was set at 2.50, making it simple to ascertain whether a particular opinion was shared by the respondents or not on the subject of unemployment and the perception of business as a means of job creation.

Analysis of Research Questions

Department "A": Personnel Data of Respondents

Table 1: Age Distribution of Respondents

Age	No. Of Respondents	Percentage (%)
18-28yrs	35	29.16
28-38 yrs	42	35
38-48yrs	23	19.17
48-58 yrs	20	16.67
Total	120	100

Source: Field Survey, 2024



The age distribution table in this instance shows that the age range of 18 to 28 years was represented by 35 respondents, or 29.16%, the age range of 28 to 38 years by 42 respondents, or 35%, the age range of 38 to 48 years by 23 individuals, or 19.17%, and the age range of 49 years and older by 20 respondents, or 16.67%. This is a statistical presentation and analysis of the data included in the age distribution table.

Table 2: Academic Qualification of Respondents

Academic Qualification	No of Respondents	Percentage%
SSCE	40	33.33
NCE/OND	30	25
HND/B.SC	35	29.17
MSC	15	12.5
PhD	-	-
Total	120	100

Source: Field Survey, 2024

Upon the demonstration of data analysis, it is an honest information that 40 respondents were holders of SSCE certificate, representing 33.3%, NCE/OND pulled respondents, which represent 25%, HND/BSC has 35 respondents, which scores 29.17% while MSC certificate holders were 15, which is a representation of 12.5% whereas PhD certificate, could not produce any respondent and percentage. The table shows the statistical result of the academic qualification distribution table of the study.

Analysis of Research Questions

Department "B":

Research Question 1: What is the effect of cultural factors on entrepreneurial performance?

Research question one was answered with questionnaire item 1,2,3,4

Table 3: Investigating the effect of cultural factor on entrepreneurial performance in small scale business

S/N	ITEMS OF THE QUESTIONS	SA	A	SD	D	UND	Mean	Remark
1	Cultural factors like risk-taking behavior, Work ethic and perseverance have significant effects on entrepreneurial performance.	45 (37.5)	40 (33.33)	10 (8.33)	20 (16.67)	5 (4.17)	3.76	Sign
2	Attitude towards failure has a	50 (41.67)	33 (27.5)	17 (14.17)	9 (7.5)	11 (9.16)	3.75	Sign



	significant effect on SMEs performance.							
3	Social network capital within the culture has a significant effect on entrepreneurial performance.	17 (14.17)	50 (41.67)	33 (27.5)	11 (9.16)	9 (7.5)	3.05	Sign
4	Trust and reciprocity within the culture has a significant effect on entrepreneurial performance.	30 (25)	25 (20.83)	10 (8.33)	30 (25)	25 (20.83)	3.29	Sign

Source: Field Survey, 2024

Note: Figures in parentheses are percentages: (SA = Strongly Agree; A = Agree; D = Disagree; SD = Strongly Disagreed and UND = Undecided)

According to Table 3, 37.5% of respondents strongly concurred with item 1, 33% agreed, 8.3% strongly objected, 16.7% disagreed, and 4% were unsure. The average answer, 3,76, suggests that the respondents agreed with the concept completely. According to item 2, there were 41.6% who highly concurred, 27.5% who agreed, 14% who strongly disagreed, 7.5% who disagreed, and 9.1% who were unsure. The significant mean answer of 3, 75 suggests that respondents fully concurred with the concept.

In item 3, the result shows that 14.17% strongly agreed, 41.6% agreed, 27.5% strongly disagreed, 9.2% disagreed and 7.5% were undecided. The mean response of 3, 05 is significant and implies that the respondents totally agreed with the construct. In item 4, the result shows that 25 % strongly agreed, 20.8% agreed, 8.3% strongly disagreed, 25 % disagreed and 20.8% were undecided. The mean response of 3.29 is significant and implies that the respondents totally agreed with the construct.

From the general response, it is clear that all responses are above 2.5 cutoff and hence respondents agreed that there is a significant effect of cultural factors on entrepreneurial performance of small and medium scale businesses.

Research Question 2: What is the relationship between cultural factors on entrepreneurial performance of small scale businesses?

Research question two was addressed with questionnaire item 5, 6, 7.



Table 4: To ascertain the relationship between cultural factors on entrepreneurial performance on small scale business

S/N	ITEMS OF THE QUESTIONS	SA	A	SD	D	UND	Mean	Comment
5	Cultural factors like risk-taking behavior, work ethic and perseverance have a significant relationship with an entrepreneur's performance.	50 (41.67)	33 (27.5)	17 (14.17)	9 (7.5)	11 (9.16)	3.75	SIGN
6	Social network capital within the culture has a positive relationship with entrepreneur's performance.	35 (29.17)	45 (37.5)	20 (16.67)	10 (8.33)	10 (8.33)	3.54	SIGN
7	Religious beliefs within the culture have a significant relationship with the entrepreneur's performance.	30 (25)	30 (25)	25 (20.83)	25 (20.83)	10 (8.34)	3.15	SIGN

Source: Field Survey, 2024

Note: Figures in parentheses are percentages: (SA = Strongly agree; A = Agree; D = Disagree; SD= Strongly disagree and UND = Undecided)

According to Table 4, of those who responded to item 1, 41.6% firmly concurred and 27.5% agreed. 7.5% of respondents disagreed, 14.1% firmly objected, and 9.2% were unsure. The average answer of 3,75 is noticeably higher than the cutoff, indicating that all respondents agreed with the concept completely. According to item 2, 29.1% firmly concurred and 37.5% agreed. 8.3% disagreed, 16.7% firmly opposed, and 8.3% were unsure. The average answer of 3.54 is noticeably higher than the cutoff, indicating that all respondents concurred with the construct completely. Results for item 3 indicate that 25% firmly concurred and 25% agreed. 8.3% were unsure, 20.8% disapproved, and 20.8% firmly disagreed. The significant mean answer of 3, 15 suggests that the respondents fully concurred with the construct.

Testing of Hypothesis

The hypothesis formulated in chapter one will be tested using the collected data from the field survey. Three hypotheses were set to guide this study. Hypothesis testing will be carried out in the order below: restatement of hypothesis, result of analysis, comparing result with decision rule, validating the hypothesis to accept or reject.



Statement of Hypothesis

Test of Hypothesis One: H1: There is significant effect of cultural factors on Entrepreneurial Performance of SMEs

In testing the above hypothesis we use the result of simple linear regression between Cultural factors and Entrepreneurial Performance of SMEs.

Table 3: To ascertain the effect of cultural factors on Entrepreneurial Performance of SMEs

Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.990 ^a	.980	.979	.55833	1.344

a. Predictors: (Constant), X4, X2, X3, X1

b. Dependent Variable: Entrepreneurial Performance of SMEs

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1713.317	4	428.329	1374.005	.000 ^b
	Residual	35.850	115	.312		
	Total	1749.167	119			

a. Dependent Variable: Entrepreneurial Performance of SMEs

b. Predictors: (Constant), X4, X2, X3, X1

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.688	.164		4.192	.000
	X1	1.330	.154	.463	8.618	.000
	X2	.906	.136	.337	6.641	.000
	X3	.044	.094	.017	.474	.636
	X4	.570	.107	.195	5.336	.000

a. Dependent Variable: Entrepreneurial Performance of SMEs

Source: SPSS Result output (Version 20)

The analysis's findings showed that there is a significant (P0.0000.05) connection between cultural factors and the entrepreneurial performance of SMEs. R is 0.990, R² is 0.980, modified R² is 0.979, p-value 0.000, and F-stat. 1374.00 are all taken from the model report. The findings showed that changes in the cultural factors account for 98% of the variation in



entrepreneurial performance of SMEs ($R^2 = 0.980$). With the exception of item 3 (the escalating rate of cultural factors), all of these include items and constructs for cultural factors are significant and favorably signed ($P(0.635 > 0.05, 0.044)$).

The dependent variable (entrepreneurial performance of SMEs) and the independent variables (cultural factors like cultural behaviors, trust and social capital in culture, $P 0.0000.05, 1.330, P 0.0000.05, 0.905$, and $P 0.0000.05, 0.057$) have a strong relationship based on the estimated parameters.

Applying the decision rule, we deny the null hypothesis that there is no significant effect between cultural factors and entrepreneurial performance of SMEs and accept the alternative because the p-Value of our regression result is $0.0000.05$. The alternative theory, according to which there is a beneficial and noteworthy connection between cultural factors and entrepreneurial performance of SMEs, is one we can embrace.

Test of Hypothesis Two

Hypothesis Two: There is a significant and positive relationship between cultural factors and entrepreneurial performance of SMEs.

In testing the above hypothesis we use the result of a simple linear regression between the cultural factors and entrepreneurial performance of SMEs.

Table 4.7: To determine the relationship between cultural factors and entrepreneurial performance of SMEs

Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.987 ^a	.974	.974	.62101	1..222

a. Predictors: (Constant), X7, X5, X6

b. Dependent Variable: Entrepreneurial Performance of SMEs

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1704.430	3	568.143	1473.183	.000 ^b
	Residual	44.736	116	.386		
	Total	1749.167	119			

a. Dependent Variable: Entrepreneurial Performance of SMEs

b. Predictors: (Constant), X7, X5, X6

**Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.408	.164		8.582	.000
X5	1.048	.144	.390	7.285	.000
X6	1.468	.154	.544	9.520	.000
X7	.172	.094	.068	1.840	.068

a. Dependent Variable: Entrepreneurial Performance of SMEs

According to the analysis's findings, there is a substantial ($P < 0.00005$) connection between cultural factors and entrepreneurial performance of SMEs. R is 0.987, R^2 is 0.974, modified R^2 is 0.974, p -value 0.000, and F -stat. 1473.00 is all taken from the model report. The outcome showed that with R^2 0.974, variations in cultural factors account for 97.4% of variance in the entrepreneurial performance of SMEs. All the included items/constructs for the relationship between cultural factors and entrepreneurial performance are significant and positively correlated.

The estimated values show a strong correlation between the independent and the dependent variable (cultural factors): Entrepreneurial performance of SMEs ($P < 0.00005$, 1.408). Applying the decision rule, we deny the null hypothesis that there is no significant connection between cultural factors and entrepreneurial performance of SMEs because the p -Value of our regression result is 0.00005. We will take the alternative. We support the alternative theory that there is a substantial and positive relationship between cultural factors and entrepreneurial performance of SMEs.

DISCUSSION OF THE RESEARCH FINDINGS

The study examined the effect of cultural factors on entrepreneurial performance of SMEs in Delta state, through the administration of 200 staff members of SMEs in Delta state was selected randomly by the researcher as the population of the study. Consequently, its fact finding mission in this regard shows that social network capital, cultural factors, risk-taking behavior and work ethic and perseverance have a significant, positive and direct effect on entrepreneurial performance of SMEs in Delta state. The study also revealed that other cultural factors like attitude towards failure and religious beliefs have a significant and direct effect on entrepreneurial performance of SMEs in Delta state. The study also revealed that there is a significant relationship to a great extent between cultural factors and entrepreneurial performance of SMEs in Delta state. The finding recommends that people should be encouraged to promote cultures that boost entrepreneurial performance.

The first test of the hypothesis revealed that cultural factors have a significant effect on entrepreneurial performance of SMEs. This finding is consistent with Chukwuka and Imide's (2022) observation that cultural factors have a significant relationship with entrepreneurial performance of SMEs. According to the findings, communities should promote only cultures that have positive relationships with entrepreneurial performance to boost SMEs in Nigeria.



The outcome of the second test of the hypothesis demonstrates that in Nigeria, there is a substantial and significant relationship between cultural factors and entrepreneurial performance of small and medium scale business. This result is consistent with those of Rasmussen and Stroheim (2005) who found that cultural factors have significant and substantial relationships with the entrepreneurial performance of Nigerian SMEs.

CONCLUSION

The study concludes from its empirical findings that social network capital, cultural factors, Risk-taking behavior and work ethic and perseverance have a significant, positive and direct effect on entrepreneurial performance of SMEs in Delta state. The study also revealed that other cultural factors like attitude towards failure and religious beliefs have a significant and direct effect on entrepreneurial performance of SMEs in Delta state. The research paper empirically showed that there is a great and significant relationship between cultural factors and entrepreneurial performance of SMEs in Delta state. The study has proven that people's culture does affect entrepreneurial performance so before setting up businesses in a location, a smart entrepreneur should first observe the culture of the people living in that geographical location of the proposed business. Culture affects daily sales and it also affects demands and supply as well as patronage of the business.

RECOMMENDATIONS

The study recommends that before setting up businesses or SME's, entrepreneurs should first observe and assess the proposed location of the business to ascertain the culture of the people living in that geographical location. This is because culture affects daily sales, demand and supply and it also affects business patronage. Secondly, the study recommends that people should promote only cultures that boost entrepreneurial performance of SMEs.

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