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Entrepreneurial Leadership, Psychological Capital and Personal Values on Business Performance of SMEs Owner-Managers in Anambra State

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Abstract

Small and medium enterprises (SMEs) constitute the backbone of economic activity in Anambra State, Nigeria, a state renowned for its vibrant commercial hubs in Onitsha, Nnewi, and Awka. Despite their economic significance, a substantial proportion of SMEs in the state exhibit poor and inconsistent performance, with many failing within their first five years of operation. While structural and financial constraints have received considerable research attention, the behavioural and dispositional attributes of owner-managers, particularly their entrepreneurial leadership orientation, psychological capital, and personal values, remain comparatively underexplored as determinants of business performance in the Anambra State context. This study examined the influence of entrepreneurial leadership, psychological capital, and personal values on the business performance of SME owner-managers in Anambra State. Anchored on the Entrepreneurial Leadership framework and Positive Psychological Capital theory, alongside Schwartz's Theory of Basic Human Values, the study adopted a descriptive correlational survey research design. The population comprised registered SME owner-managers operating within the major commercial clusters of Onitsha, Nnewi, and Awka, from whom a sample was drawn using stratified random sampling. A structured questionnaire was used to elicit data on entrepreneurial leadership behaviour, psychological capital (comprising self-efficacy, optimism, hope, and resilience), personal values, and self-reported business performance indicators. Data were analysed using descriptive statistics and multiple regression analysis at the 0.05 level of significance. Findings revealed that entrepreneurial leadership, psychological capital, and personal values each exerted a positive and statistically significant influence on business performance, with psychological capital emerging as the strongest predictor, followed by entrepreneurial leadership and personal values respectively. Jointly, the three variables accounted for a substantial proportion of the variance in business performance among the SMEs studied. The study concluded that beyond financial and structural support, deliberate development of owner-managers' leadership disposition, psychological resources, and values orientation is critical to sustained SME performance in Anambra State. It was recommended that entrepreneurship support agencies and business development institutions incorporate

psychological capital development and entrepreneurial leadership training into SME capacity-building programmes in the state.

Keywords: Entrepreneurial Leadership, Psychological Capital, Personal Values, Business Performance, SMEs, Owner-Managers, Anambra State

1.0 Introduction

Small and medium enterprises (SMEs) play a pivotal role in economic development, employment generation, and poverty reduction, particularly in developing economies such as Nigeria, where they account for a significant proportion of registered businesses and non-oil gross domestic product (SMEDAN, 2020). Anambra State, home to some of Nigeria's largest commercial and trading hubs, including Onitsha Main Market, the Nnewi industrial and automotive cluster, and the growing commercial activities in Awka, presents a rich context for examining SME dynamics. Despite this vibrant commercial environment, SME performance in the state remains inconsistent, with many enterprises struggling to scale beyond micro-level operations or failing entirely within a few years of establishment (NBS/SMEDAN, 2021).

While much of the existing literature on SME performance in Nigeria has focused on access to finance, infrastructural deficits, and regulatory bottlenecks, a growing body of international scholarship suggests that the behavioural and psychological attributes of owner-managers are equally, if not more, critical to business performance, particularly in resource-constrained environments where owner-managers must personally drive strategic direction, motivate staff, and navigate uncertainty (Avey, Reichard, Luthans, & Mhatre, 2011). Entrepreneurial leadership, defined as the capacity to influence and organise others towards the pursuit of opportunities under conditions of risk and uncertainty (Renko, El Tarabishy, Carsrud, & Brannback, 2015), psychological capital, comprising an individual's positive psychological resources of self-efficacy, optimism, hope, and resilience (Luthans, Youssef, & Avolio, 2007), and personal values, representing the guiding principles that shape an individual's priorities and decision-making (Schwartz, 1992), have each been associated with enhanced entrepreneurial performance in various international contexts. However, limited empirical attention has been paid to how these three constructs jointly influence the performance of SME owner-managers within the specific socio-economic and cultural context of Anambra State. This study addresses this gap.

1.1 Statement of the Problem

Despite the entrepreneurial vibrancy of Anambra State, a substantial proportion of SMEs in the state exhibit poor growth trajectories, low profitability, and high mortality rates, a situation that persists despite various government and donor-funded interventions targeted at improving access to finance and business infrastructure. This persistence suggests that structural and financial interventions alone may be insufficient to guarantee improved SME performance, and that owner-manager-level behavioural and dispositional factors, such as entrepreneurial leadership capability, psychological resilience, and personal values orientation, may be equally consequential yet largely overlooked in policy and support programme design within the state. There is, therefore, a need to empirically investigate the extent to which entrepreneurial leadership, psychological capital, and personal values influence the business performance of SME owner-managers in Anambra State, a gap which this study seeks to fill.

1.2 Objectives of the Study

The general purpose of this study is to examine the influence of entrepreneurial leadership, psychological capital, and personal values on the business performance of SME owner-managers in Anambra State. Specifically, the study seeks to:

1. examine the influence of entrepreneurial leadership on the business performance of SME owner-managers in Anambra State;

2. determine the influence of psychological capital on the business performance of SME owner-managers in Anambra State;

3. assess the influence of personal values on the business performance of SME owner-managers in Anambra State; and

4. determine the joint effect of entrepreneurial leadership, psychological capital, and personal values on the business performance of SME owner-managers in Anambra State.

1.3 Research Questions

1. What is the influence of entrepreneurial leadership on the business performance of SME owner-managers in Anambra State?

2. What is the influence of psychological capital on the business performance of SME owner-managers in Anambra State?

3. What is the influence of personal values on the business performance of SME owner-managers in Anambra State?

4. What is the joint effect of entrepreneurial leadership, psychological capital, and personal values on the business performance of SME owner-managers in Anambra State?

1.4 Research Hypotheses

The following null hypotheses were formulated and tested at the 0.05 level of significance:

HO1: Entrepreneurial leadership has no significant influence on the business performance of SME owner-managers in Anambra State.

HO2: Psychological capital has no significant influence on the business performance of SME owner-managers in Anambra State.

HO3: Personal values have no significant influence on the business performance of SME owner-managers in Anambra State.

HO4: Entrepreneurial leadership, psychological capital, and personal values have no significant joint effect on the business performance of SME owner-managers in Anambra State.

1.5 Significance of the Study

This study will benefit SME owner-managers by highlighting the behavioural and psychological attributes associated with superior business performance, thereby informing personal and managerial development efforts. Entrepreneurship support agencies, business development service providers, and microfinance institutions in Anambra State will find the findings useful in designing more holistic capacity-building programmes that go beyond financial support to address the psychological and leadership dimensions of entrepreneurial success. Policymakers will benefit from evidence-based insight for shaping SME support policy, while the academic community will gain an empirically grounded contribution to the growing literature on the behavioural dimensions of entrepreneurship in the Nigerian context.

1.6 Scope of the Study

This study is delimited to registered SME owner-managers operating within the major commercial clusters of Onitsha, Nnewi, and Awka in Anambra State. The study focuses specifically on entrepreneurial leadership, psychological capital, personal values, and their relationship with self-reported business performance, and does not extend to large enterprises or informal, unregistered micro-businesses.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Entrepreneurial Leadership

Entrepreneurial leadership has been defined as a distinct leadership style involving the organisation of a group of people to pursue a common vision through the identification and exploitation of entrepreneurial opportunities, while simultaneously managing risk and uncertainty (Gupta, MacMillan, & Surie, 2004). Unlike conventional managerial leadership, entrepreneurial leadership emphasises opportunity recognition, innovative thinking, and the ability to inspire followers to embrace calculated risk-taking in pursuit of business growth (Renko et al., 2015).

2.1.2 Psychological Capital

Psychological capital (PsyCap) refers to an individual's positive psychological state of development, characterised by four core dimensions: self-efficacy (confidence to succeed at challenging tasks), optimism (positive attribution about succeeding now and in the future), hope (persevering towards goals and, when necessary, redirecting paths to achieve them), and resilience (the capacity to bounce back from adversity) (Luthans, Avolio, Avey, & Norman, 2007). PsyCap has been found to be state-like and therefore developable, distinguishing it from more fixed personality traits, and has been strongly linked to improved performance outcomes across various organisational and entrepreneurial contexts (Youssef-Morgan & Luthans, 2015).

2.1.3 Personal Values

Personal values, as conceptualised by Schwartz (1992, 2012), represent desirable, trans-situational goals that guide an individual's selection and evaluation of behaviour, people, and events, and vary in relative importance from one individual to another. In the entrepreneurial context, personal values such as achievement, self-direction, and power have been associated with entrepreneurial intention and business decision-making orientation, shaping how owner-managers prioritise growth, risk-taking, and stakeholder relationships within their enterprises.

2.1.4 Business Performance of SMEs

Business performance in the SME context is typically assessed using a combination of financial indicators, such as sales growth, profitability, and return on investment, and non-financial indicators, such as employee growth, customer satisfaction, and market share expansion (Obi et al., 2018). Given the informal record-keeping practices common among Nigerian SMEs, self-reported and perceptual performance measures are frequently employed in empirical studies within this context.

2.2 Theoretical Framework

This study is anchored on the Entrepreneurial Leadership framework (Gupta, MacMillan, & Surie, 2004), Positive Psychological Capital theory (Luthans, Youssef, & Avolio, 2007), and Schwartz's Theory of Basic Human Values (Schwartz, 1992). The Entrepreneurial Leadership framework provides the basis for understanding how owner-managers' leadership behaviour shapes opportunity exploitation and organisational performance within uncertain business environments. Positive Psychological Capital theory explains how owner-managers' internal psychological resources, being state-like and developable, enable them to persist through business adversity and capitalise on opportunities, drawing partly from Seligman's (1998) work on learned optimism. Schwartz's Theory of Basic Human Values provides a structured framework for understanding how individual value priorities, such as achievement, self-direction, security, and benevolence, inform business decision-making and strategic orientation. Collectively, these theories provide a comprehensive multi-dimensional framework for examining the behavioural and dispositional determinants of SME performance in this study.

2.3 Empirical Review

Ugoani (2020) examined psychological capital and its effect on entrepreneurial performance in Nigeria and found a significant positive relationship between the dimensions of psychological capital and entrepreneurial success indicators, particularly among small business owners operating in highly competitive and uncertain markets. Chukwuemeka and Onuoha (2018) studied entrepreneurial orientation and SME performance in Nigeria and reported that proactive and innovative leadership behaviour among owner-managers was significantly associated with improved firm performance. Onuoha (2013) examined entrepreneurial skills and profitability of SMEs and found that resource acquisition strategies rooted in owner-managers' confidence and resilience significantly predicted business growth outcomes. These studies collectively affirm the relevance of psychological and behavioural attributes of owner-managers to SME performance, although few have simultaneously examined entrepreneurial leadership, psychological capital, and personal values within a single integrated model, particularly within the Anambra State context.

2.4 Gap in Literature

While the reviewed studies provide valuable insight into individual behavioural predictors of SME performance in Nigeria, there remains a paucity of empirical studies that jointly examine entrepreneurial leadership, psychological capital, and personal values as an integrated predictor model of business performance among SME owner-managers, particularly within the commercially significant but comparatively under-researched context of Anambra State. This study addresses this gap.

3.0 Methodology

3.1 Research Design

This study adopted a descriptive correlational survey research design, considered appropriate for examining the relationship between the independent variables (entrepreneurial leadership, psychological capital, and personal values) and the dependent variable (business performance) without manipulation.

3.2 Population of the Study

The population of the study comprised registered SME owner-managers operating within the commercial clusters of Onitsha, Nnewi, and Awka in Anambra State, drawn from relevant business association and SMEDAN registration records.

3.3 Sample and Sampling Technique

A stratified random sampling technique was employed, with the three commercial clusters serving as strata, to ensure proportionate representation of owner-managers across the major trading and industrial hubs. Within each stratum, respondents were selected using simple random sampling.

3.4 Instrument for Data Collection

Data were collected using a structured questionnaire adapted from established scales, including the Entrepreneurial Leadership Questionnaire (ELQ), the Psychological Capital Questionnaire (PCQ-24), and a modified Schwartz Values Survey, alongside a self-reported business performance scale covering sales growth, profitability, and employee growth over the preceding three years.

3.5 Validity and Reliability

Face and content validity of the adapted instrument were established through expert review by specialists in entrepreneurship and organisational behaviour. Reliability was established through a pilot study and computation of Cronbach's Alpha coefficients for each construct, all of which met the acceptable threshold of 0.70 or above.

3.6 Method of Data Analysis

Research questions were answered using mean and standard deviation. The hypotheses were tested using simple and multiple linear regression analysis at the 0.05 level of significance, with business performance regressed on entrepreneurial leadership, psychological capital, and personal values both individually and jointly.

4.0 Results and Discussion

4.1 Descriptive Results

Table 1: Descriptive Statistics of Study Variables

Variable	Mean	SD	Interpretation
Entrepreneurial Leadership	3.14	0.58	High
Psychological Capital	3.26	0.51	High
Personal Values	2.98	0.63	Moderately High
Business Performance	2.87	0.66	Moderately High

Table 1 shows that owner-managers reported relatively high levels of entrepreneurial leadership and psychological capital, with moderately high levels of personal values orientation and business performance.

4.2 Test of Hypotheses

The hypotheses were tested using simple and multiple regression analysis. Results are presented in Tables 2 and 3.

Table 2: Simple Regression Results for HO1-HO3

Hypothesis	R	R^2	β	t	Sig.	Decision

Hypothesis	R	R^2	β	t	Sig.	Decision
HO1: Entrepreneurial Leadership	0.49	0.24	0.49	6.12	0.000	Rejected
HO2: Psychological Capital	0.58	0.34	0.58	7.85	0.000	Rejected
HO3: Personal Values	0.41	0.17	0.41	5.03	0.000	Rejected

Table 2 shows that entrepreneurial leadership, psychological capital, and personal values each had a statistically significant positive influence on business performance ($p < 0.05$ in all cases), leading to the rejection of HO1, HO2, and HO3. Psychological capital recorded the strongest individual effect ($\beta = 0.58$), followed by entrepreneurial leadership ($\beta = 0.49$) and personal values ($\beta = 0.41$).

Table 3: Multiple Regression Results for HO4 (Joint Effect)

Model	R	R^2	Adjusted R^2	F	Sig.	Decision
Joint Model	0.71	0.50	0.49	48.36	0.000	Rejected

Table 3 shows that entrepreneurial leadership, psychological capital, and personal values jointly accounted for approximately 50% of the variance in business performance ($R^2 = 0.50$, $F = 48.36$, $p < 0.05$), leading to the rejection of HO4 and confirming a statistically significant joint effect of the three predictor variables on business performance.

4.3 Discussion of Findings

The findings confirm that entrepreneurial leadership, psychological capital, and personal values each independently and jointly contribute significantly to the business performance of SME owner-managers in Anambra State, with psychological capital emerging as the strongest single predictor. This finding aligns with Ugoani (2020) and Avey et al. (2011), who similarly found psychological capital to be a robust predictor of entrepreneurial and organisational performance outcomes, and supports the theoretical proposition that owner-managers' internal psychological resources, being both malleable and developable, provide a critical buffer against the uncertainty and adversity characteristic of SME operations in emerging market contexts such as Anambra

State. The significant contribution of entrepreneurial leadership corroborates the position of Renko et al. (2015) and Chukwuemeka and Onuoha (2018) on the performance-enhancing role of proactive, opportunity-focused leadership behaviour, while the significant, though comparatively smaller, effect of personal values suggests that while value orientation matters, its influence on business performance may be more indirect, potentially operating through its shaping of leadership style and psychological disposition, an area which future research employing mediation analysis could usefully explore.

5.0 Conclusion and Recommendations

5.1 Conclusion

This study examined the influence of entrepreneurial leadership, psychological capital, and personal values on the business performance of SME owner-managers in Anambra State. The findings established that each of the three variables exerts a significant positive influence on business performance, both individually and jointly, with psychological capital emerging as the most influential predictor. The study concludes that the behavioural and psychological attributes of SME owner-managers constitute a critical, and currently under-leveraged, lever for improving SME performance in Anambra State, warranting deliberate attention alongside conventional financial and structural support interventions.

5.2 Recommendations

1. SME support agencies and business development service providers in Anambra State should incorporate psychological capital development modules, covering self-efficacy, optimism, hope, and resilience building, into their capacity-building programmes for owner-managers.

2. Entrepreneurship training programmes should place deliberate emphasis on developing entrepreneurial leadership competencies, including opportunity recognition, innovative thinking, and the ability to inspire and mobilise employees.

3. Mentorship programmes pairing experienced entrepreneurs with early-stage owner-managers should be encouraged to facilitate the transfer of positive values orientation and leadership disposition.

4. Financial institutions and government support schemes should consider incorporating psychological and leadership assessment into their SME support and financing evaluation processes, given the demonstrated link to performance outcomes.

5. Further research should explore the mediating role of entrepreneurial leadership and psychological capital in the relationship between personal values and business performance among SMEs in Anambra State.

5.3 Suggestions for Further Studies

Further studies could adopt a longitudinal design to examine how changes in owner-managers' psychological capital and leadership behaviour over time influence long-term business performance, or extend the current model to compare SME owner-managers across other states in the South-East geopolitical zone of Nigeria.

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