



EFFECTS OF ENTREPRENEURIAL PROCESS ON PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN NASARAWA STATE, NIGERIA

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ABSTRACT: *This study examined the effect of entrepreneurial processes proxied by opportunity recognition and resource mobilization on SME performance in Nasarawa State. A survey research design was adopted, and data were collected through a structured questionnaire designed on a five-point Likert scale. The collected data was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The study findings revealed that both opportunity recognition (Beta = 0.224, $p < 0.05$) and resource mobilization (Beta = 0.598, $p < 0.001$) significantly influence SME performance, with resource mobilization exerting a stronger effect. The results suggest that SMEs that effectively identify market opportunities and mobilize resources are more likely to improve their growth and sustainability in a volatile environment. Based on these findings, the study recommends that SMEs invest in capacity-building to enhance their opportunity sensing and resource management capabilities and that policymakers provide support through training programs, access to finance, and networking platforms to foster innovation and resource efficiency among SMEs for sustainable development.*

KEYWORDS: Entrepreneurial process, Opportunity recognition, Resource mobilization, SMEs performance.



INTRODUCTION

Small and Medium Enterprises (SMEs) are widely recognized as vital engines for economic growth, job creation, and poverty reduction in Nigeria, including Nasarawa State (Abdullahi, 2024). Small and Medium Enterprises (SMEs) are critical contributors to the Nigerian economy, accounting for over 50% of the national GDP and employing approximately 84% of the workforce in the private sector (PwC Nigeria, 2024; SMEDAN, 2020). However, despite their significance, SMEs in Nasarawa State struggle with various challenges that hinder their performance, such as limited access to capital, inadequate infrastructure, and a lack of entrepreneurial skills. This underperformance exists despite various governmental and non-governmental support programs, suggesting that sector-level interventions alone are insufficient. Consequently, attention is shifting towards the internal entrepreneurial processes that determine an SME's ability to convert potential into sustained success, as studies indicate that the entrepreneurial process comprising opportunity identification, resource mobilization, and innovation management is pivotal to the success of SMEs (Shane & Venkataraman, 2000; Drucker, 2014). Yet, empirical studies examining how these processes affect SME performance in Nasarawa State remain scarce, creating a gap in knowledge. This study seeks to address this gap by exploring how entrepreneurial processes influence key performance indicators, such as profitability, productivity, and competitiveness, thereby providing actionable insights for policymakers and entrepreneurs.

The drive towards enhanced performance begins with opportunity recognition. Opportunity identification encompasses the entrepreneur's capacity to systematically discover, frame, and proactively act upon emerging market needs or gaps before competitors (Alabi et al., 2024). In the context of Nasarawa, where market intelligence might be limited, mastering this process is crucial. Systematic approaches, such as institutionalizing customer feedback sessions or leveraging digital tools for trend analysis, enable entrepreneurs to uncover unmet demands or underserved niches. This proactive stance translates directly into sales growth and increased market share by allowing SMEs to offer relevant solutions ahead of rivals, providing the initial thrust needed to overcome the state's performance deficit and establish a foothold in competitive markets.

Identifying promising opportunities and translating them into tangible results demands effective resource mobilization. Resource mobilization involves the timely acquisition and strategic orchestration of critical inputs—particularly finance, skilled human capital, and valuable networks (Odusote & Akpa, 2022). Nasarawa SMEs often face acute resource constraints. Prudent allocation and leveraging available support, such as funding portals and financial literacy initiatives outlined in Nigeria's 2021–2025 MSME framework (SMEDAN, 2021), are vital. Combining these external enablers with improved internal strategic resource management practices, as validated locally (Dennis et al., 2024), allows firms to efficiently convert identified opportunities into viable, bankable projects. Effective mobilization thus transforms ideas into operational capabilities and fuels the innovativeness required for competitive advantage. For Nasarawa SMEs operating in increasingly turbulent markets, ad hoc approaches to innovation are insufficient. Embedding formal systems such as stage-gate processes to evaluate progress, continuous feedback loops for learning, and small-batch experimentation to minimize risk significantly enhances sustainability. These practices reduce costly failure rates and ensure that locally produced goods and services remain relevant, adaptable, and competitive over the long term, moving beyond mere survival towards enduring market relevance.



The entrepreneurial process is a driver of Small and Medium Enterprises' (SMEs) performance, fostering growth, innovation, and competitiveness. However, despite the vital role SMEs play in driving economic growth in Nasarawa State, many fail to reach their full potential (Abdullahi, 2024). In Nigeria, government institutions and policies, including those implemented by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), aim to support and enhance the capacity of SMEs. However, SMEs continue to fall short of expectations, with reports indicating that 80% of small and medium-scale enterprises do not sustain their operations beyond five years (Adebisi & Gbegi, 2013; SMEDAN, 2021). This failure highlights a general business problem, as most SMEs are characterized by low performance and an inability to grow from one scale of business to another. In Nasarawa State, the lack of empirical research on how entrepreneurial processes affect SME performance further hinders the development of effective interventions. Furthermore, prior studies typically analysed either opportunity identification, or resource mobilization, or innovation management, carried out in isolation and seldom within Nasarawa's unique institutional context (Alabi et al., 2024; Odusote & Akpa, 2022; Tajpour et al., 2024; Dennis et al., 2024). No published work to date integrates all three variables into a single explanatory model of SME performance in the context of Nasarawa State. This study sought to address this gap by analyzing the relationship between entrepreneurial processes and SME performance, providing actionable recommendations to improve SME success and sustainability.

Objectives of the Study

The general objective was to analyze the effects of entrepreneurial processes on the performance of SMEs in Nasarawa State, Nigeria. The specific objectives were to:

1. To examine the effect of opportunity recognition on SMEs' performance in Nasarawa State.
2. To assess the effect of resource mobilization on SMEs' performance in Nasarawa State.

Study Hypotheses

HO1: Opportunity recognition has no significant effect on SMEs' performance in Nasarawa State.

HO2: Resource mobilization has no significant effect on SMEs' performance in Nasarawa State.

LITERATURE REVIEW

Entrepreneurial Process

The conceptualization of the entrepreneurial process varies across different scholars but collectively highlights its multifaceted nature. Belitski and Sikorski (2024) depict it as a five-stage journey encompassing idea validation, resource assembly, launch, growth, and eventual harvest, emphasizing a sequential progression that guides entrepreneurs through distinct phases of venture development. In contrast, Mets et al. (2022) highlight its breadth, viewing it as a continuum from the initial conception of an opportunity to the implementation of an



undertaking, regardless of the organizational form, thus emphasizing the process's inclusiveness and adaptability. The Duke Entrepreneurship Manual (2022) offers a structured framework centered around idea generation, opportunity evaluation, planning, launch, and growth, providing a practical roadmap for entrepreneurs. Nilsson (2021) narrows the focus to an information-acquisition phase characterized by low-cost preparatory actions, underscoring the importance of early research and learning before committing extensive resources. Jay (2022) emphasizes the iterative and calculated nature of the process, involving deliberate activities aimed at anchoring a venture in the marketplace, reflecting the strategic and persistent efforts required for success. Parsadi (2024) stresses the idea-to-reality translation, beginning with systematic opportunity scanning and progressing through various stages of development, thereby highlighting the importance of disciplined opportunity recognition and systematic execution. Together, these perspectives underscore that the entrepreneurial process is both dynamic and nonlinear, involving phases of exploration, validation, resource mobilization, and implementation, each critical for transforming an initial idea into a successful venture.

Opportunity Recognition

Opportunity recognition is a multifaceted concept central to entrepreneurial success, encompassing the process by which individuals perceive, identify, and conceptualize potential market gaps, unmet needs, and emerging technological possibilities within complex business environments (Donbesuur et al., 2022). It involves both the detection of innovative solutions that address changing trends and the uncovering of ideas that can lead to the foundation of new ventures (Gielnik et al., 2012). The process is inherently individualistic, emphasizing the entrepreneurial effort in recognizing opportunities that can foster competitive advantage and superior performance (Rua et al., 2018). Additionally, opportunity recognition is not only about spotting market niches but also includes activities such as analyzing market information and leveraging technological advancements to exploit new possibilities (Ozgen, 2003; Ozgen & Baron, 2007). Central to entrepreneurial success are the efforts in recognizing opportunities that contribute to establishing new ventures and capturing market gaps (Prabha, 2023; Azam et al., 2024). These definitions collectively highlight the critical role of opportunity recognition as a catalyst for entrepreneurship, emphasizing its complex, dynamic, and deliberate nature in shaping new business ventures and fostering economic growth.

Resource Mobilization

The concept of resource mobilization for SMEs is understood as a process involving the strategic securing and deployment of various inputs essential for venture success. Griño (2024) described it as the concerted effort to secure and deploy financial, human, and social resources within constraints, highlighting the importance of efficient resource management amid limitations. Xue and Li (2023) introduce a digital perspective, emphasizing the search, access, and governance of resources transformed by digitalization, underscoring how technological advances reshape traditional resource mobilization practices. Adebayo et al. (2024) characterized it as frameworks of construction, acquisition, and utilization routines that convert resource bundles into tangible venture outcomes, illustrating the operational nature of resource application. Hossain and Karami (2024) highlighted its role as a compensatory mechanism, enabling small firms to overcome liabilities of newness and smallness by accessing complementary assets that bolster their competitive positioning. Nyarko (2023) broadens this view by focusing on leveraging financial, human, and material resources within local networks, emphasizing the significance of local and relational resources in entrepreneurial success.



Tukamuhabwa (2022) framed resource mobilization as the process of recognizing, acquiring, and integrating needed resources to exploit an opportunity effectively, highlighting its strategic and opportunistic dimension. Mensah et al. (2025) focused on the utilization of social-capital ties in entrepreneurs' fundraising processes, stressing the importance of social capital in resource access. Collectively, these perspectives reveal that resource mobilization is a context-dependent process that involves recognizing, acquiring, managing, and leveraging diverse resources like financial, human, social, and technological adaptations to the specific constraints and opportunities faced by SMEs and is crucial for overcoming inherent liabilities and building competitive advantage.

SME Performance

The conceptualization of SME performance encompasses a diverse range of perspectives that highlight its multidimensional nature. The European Commission's SME Performance Review (2023) defined performance through three core structural indicators of enterprise count, employment, and value added, emphasizing measurable, macroeconomic indicators of growth and scale. In contrast, the OECD's SME and Entrepreneurship Outlook (2023) conceptualized performance focusing on productivity, profitability, and survivability across different sectors and countries, thereby capturing both efficiency and resilience in varied contexts. Setiyono et al. (2022) operationalize SME performance with a practical, four-item scale that assesses revenue growth, cost control, and competitive standing, providing a more granular view of financial and strategic health. Kisanga (2024) shifted the focus toward digital marketing outcomes, framing performance around measurable metrics such as reach, conversion rates, and sales, which reflect the adoption and effectiveness of digital strategies. Ndlovu et al. (2025) highlighted that performance is also influenced by business-model adaptations, emphasizing how strategic flexibility and innovation shape long-term competitiveness. Muhammad et al. (2024) further extended this understanding by linking performance to both financial and non-financial returns, moderated by technological capabilities, thus recognizing the role of digital transformation and intangible assets. Bashir (2023) frames performance as the value captured through strategic flexibility and business-model innovation, underscoring the importance of adaptability and continuous innovation. These varied perspectives collectively depict SME performance as a multidimensional construct that integrates measurable outputs, strategic agility, technological integration, and resilience, each critical in explaining SME success and long-term competitiveness across diverse environments.

Empirical Review

Opportunity Recognition and SME Performance

Hartono and Ardini (2022) investigated the effect of opportunity recognition and organizational capability on SME performance in Jakarta, with Business Model Innovation (BMI) as a moderating factor. The study sampled 100 SME owners through questionnaires and used associative methods as well as moderated regression analysis to analyze the data. Results showed that opportunity recognition significantly influenced SME performance, with opportunity recognition's effect decreasing from 1.589 to 0.657 when BMI was introduced as a moderator. The study concluded that SME performance is jointly affected by opportunity recognition, organizational capability, and BMI, recommending that SMEs develop capabilities and innovate their business models to enhance performance.



Lew et al. (2023) examined 214 SMEs operating in the manufacturing and service sectors across the United Arab Emirates, testing a PLS-SEM model to link entrepreneurial opportunity identification to international performance. Their findings indicated that opportunity identification has a direct, positive, and significant effect on SMEs' international performance, and that this relationship is partially mediated by business-model innovation. The study emphasized that capacity-building programs targeting sharpening scanning and sense-making skills among SME founders could enhance their ability to identify opportunities and improve global competitiveness. It recommended policymakers support capacity development to foster a culture of proactive opportunity exploration.

Yamauchi et al. (2024) surveyed 332 owner-managers of Japanese SMEs and employed covariance-based SEM to analyze the data. Their results confirmed that entrepreneurial alertness significantly impacts both the quality of strategic decision-making and financial growth of SMEs. They highlighted the importance of policies focused on succession planning to sustain alertness during leadership transitions, which are critical for long-term competitiveness. Additionally, Guo et al. (2017) analyzed 155 SMEs and found that while opportunity recognition is essential, its impact on performance is mediated by business model innovation, suggesting that SMEs need to actively adapt their business models to fully realize the benefits of recognized opportunities. Furthermore, Alim et al. (2022), with data from 198 Bangladeshi SME entrepreneurs using PLS-SEM showed that opportunity recognition directly influences entrepreneurial performance and mediates the effect of environmental factors. Zahoor et al. (2024), studying 680 SMEs across Southeast Asia, found that high environmental dynamism strengthens the relationship between alertness and performance, recommending government subsidies for market-intelligence tools to help SMEs better identify and exploit emerging opportunities. Collectively, these studies demonstrate that opportunity recognition and entrepreneurial alertness are critical drivers of SME performance across diverse contexts, with strategic capabilities, innovation, and environment playing vital roles. However, the generalization of the findings to SMEs in Nasarawa State may not apply due to regional differences and culture.

Resource Mobilization and SME Performance

Ngiri and Njagi (2022) examined the impact of strategic resource mobilization on the performance of building construction companies in Nairobi, Kenya. Using a cross-sectional descriptive design, they targeted CEOs from 126 registered construction firms and sampled 96 CEOs through a combination of stratified random and purposive sampling methods. Data collection was conducted via structured questionnaires, and analysis included both descriptive and inferential statistics using SPSS Version 27. The results indicated that strategic resource mobilization had a positive and significant effect on company performance, emphasizing its importance for ensuring service continuity and organizational sustainability. The study concluded that resource mobilization is critical for organizational success; however, since it focused on the manufacturing industry, the findings may not be directly transferable to SMEs in other sectors or regions such as Nasarawa State.

Abidogun (2023) investigated 287 SMEs in Ibadan, Nigeria, employing Ordinary Least Squares (OLS) regressions to analyze the relationship between resource management and performance. The findings showed that cash management efficiency significantly predicted profitability at the 1% level, leading the study to recommend stronger receivables policies to



shorten cash conversion cycles and free up resources for business growth. The results highlight the importance of effective cash-flow management in enhancing SME performance.

Shuja and Abbasi (2021) focused on resource mobilization's role in managing business continuity within the banking sector in Pakistan. Sampling 274 commercial banks, the study found that resource mobilization was crucial for crisis management, disaster response, and maintaining business continuity. It emphasized that organizations need to effectively arrange, obtain, and plan resources such as workforce, technology, and equipment during emergencies to ensure operational resilience and recovery. Since their study centered on the banking industry, the applicability of these findings to SMEs may be limited. Similarly, Chishugi (2019) studied resource mobilization's effect on the long-term viability of NGOs in Bukavu, Democratic Republic of Congo, with results indicating a significant relationship between resource mobilization and NGO sustainability. Hossain (2022), through a multiple-case study of 18 frugal ventures in India, revealed that bricolage-based resource mobilization helped ventures survive severe constraints, advocating for training entrepreneurs in low-cost networking and shared assets. However, these studies' different contexts suggest the application of the study conclusions to SMEs in Nasarawa State may not apply.

Theoretical Framework

Dynamic-Capability (DC) Theory

The Dynamic-Capability (DC) theory, proposed by Teece et al. (1997), emphasizes a firm's capacity to adapt to rapidly changing environments by integrating, building, and reconfiguring internal and external competencies. Later refinements by Eisenhardt and Martin (2000) and Teece (2007) broke down this broad concept into three core routines: sensing, seizing, and reconfiguring. These routines mirror key variables in entrepreneurial processes, such as opportunity recognition, resource mobilization, and strategic adaptation, making the framework particularly relevant for understanding how SMEs can navigate volatile environments. Empirical evidence by Ojo et al. (2023) demonstrated that these capabilities significantly boost export revenue among international SMEs, reinforcing the theory's applicability across different contexts. Applying this framework in Nasarawa State, Nigeria, suggests that SMEs proficient in sensing local demand shifts, seizing resources like finance or talent swiftly, and reconfiguring their operational assets, such as adjusting production in response to power supply fluctuations, are better positioned to outperform competitors in growth and survival.

Despite its strengths, the Dynamic-Capability theory paradigm has garnered criticisms from scholars like Collis and Anand (2020), who argue that many dynamic capabilities are either substitutable or diffuse, thus challenging their distinctiveness from ordinary best practices. They warn that efforts to develop one capability might inadvertently crowd out others due to strategic trade-offs, complicating managerial prioritization. Shiferaw and Kero (2024) further highlight conceptual fragmentation within the construct and call for clearer boundaries and operational definitions to ensure consistency and practical applicability. Nevertheless, evidence from studies (e.g., Esator et al., 2025) affirms that dynamic capabilities are both operationalizable and valuable, especially in highly turbulent markets like Nasarawa, where fluctuating farm-gate prices, unreliable electricity, and episodic public funding create an environment of high uncertainty. SMEs that cultivate sensing, seizing, and reconfiguring routines are more likely to effectively align opportunity recognition and resource mobilization,



creating a virtuous cycle that enhances their competitiveness amid persistent market turbulence.

METHODOLOGY

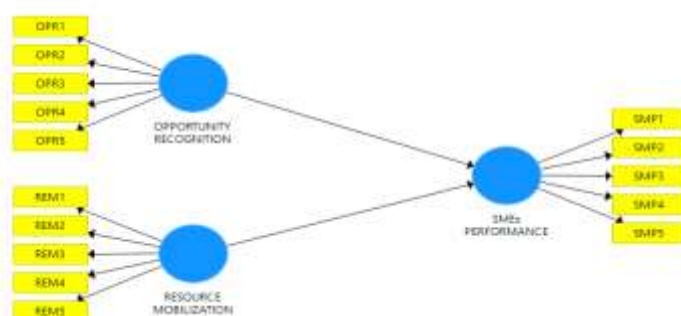
The study focused on Small and Medium Enterprises (SMEs) operating in Nasarawa State, Nigeria, which are registered with the Nasarawa State Ministry of Commerce. The population of the study comprised all owners and managers of SMEs registered with the Nasarawa State Ministry of Commerce. According to the Nasarawa State Ministry of Commerce MSME Survey Report (2022), the total population of registered SME owners and managers is 1,816. The study targeted SME owners/managers who have been in their roles for at least 36 months to ensure that respondents had adequate experience and understanding of entrepreneurial processes, which is essential for valid and reliable data. Using the Taro Yamane formula, a sample size of 361 with 10% attrition was determined and respondents were purposively distributed across local government councils: Akwanga, Awe, Doma, Karu, Keana, Kokona, Lafia, Nasarawa, Nasarawa Eggon, Obi, Toto, Wamba, and Keffi.

This method was chosen because the focus was to gain insights into the entrepreneurial process, requiring the selection of respondents with significant expertise and knowledge in the SME sector. The sampling procedure involved identifying a sampling frame and determining the appropriate sample size to achieve representative and meaningful results. The study utilized primary data collected through a structured questionnaire designed on a five-point Likert scale. Response categories ranged from "Strongly Agree" (5) to "Strongly Disagree" (1). The questionnaire was administered personally by the researcher and with the assistance of research aides to ensure comprehensive coverage and minimize non-response rates. Primary data was chosen as it provides reliable, firsthand information tailored to the specific objectives of the study.

Data Analysis

Descriptive and inferential statistical techniques were used to analyze the collected data. To test the hypotheses, Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed with the aid of SmartPLS software. The study hypotheses were tested at a 0.05 significance level to determine relationships between entrepreneurial processes and SME performance. This methodological approach was to ensure that the study is systematic, reliable, and aligned with the research objectives, enabling valid conclusions and actionable recommendations.

Figure 1: Model of study



RESULTS AND DISCUSSIONS

The study administered 361 copies of questionnaires to the selected SME owners/managers who were available on the ground and accepted to participate in the study, out of which 337 copies of questionnaires were filled, representing a response rate of 93%. As a result of having been filled, the study did not fall beyond the required sample size and was found valid for further analysis and computation. Subsequently, the analyses were conducted using the 337 responses collated.

Assessing the Measurement Model

The initial step in evaluating the measurement model involves assessing the item outer loadings. Generally, loadings that exceed 0.70 are considered acceptable since they indicate that the construct explains over 50% of the variance in the indicator. This level of loading ensures reliable measurement of the item, as stated by Hair et al. (2017).

Figure 2: Indicator Outer Loading

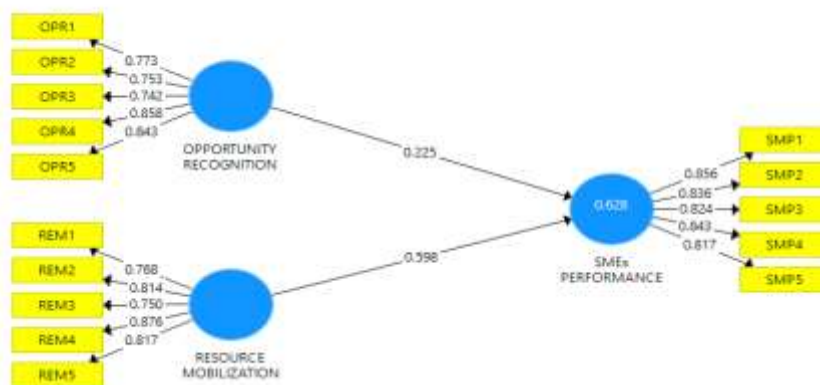


Table 1: Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Opportunity Recognition	0.854	0.868	0.896	0.633
Resource Mobilization	0.865	0.870	0.903	0.650
SMEs Performance	0.892	0.892	0.920	0.698

Source: Smart PLS Output 2025

The data in Table 1 indicates that all three constructs of Opportunity Recognition, Resource Mobilization, and SMEs Performance demonstrate strong reliability and validity metrics, which support their suitability for the study. Cronbach's Alpha values range from 0.854 to 0.892, exceeding the common threshold of 0.7, thereby confirming high internal consistency among items within each construct. The rho_A values, which also measure reliability, are similarly high, ranging from 0.868 to 0.892, further affirming consistency. Composite Reliability scores for all constructs are above 0.896, indicating excellent internal consistency and suggesting that the items reliably represent their respective constructs. The Average Variance Extracted (AVE) values, all above 0.633 exceeding the recommended threshold of 0.50, supporting their use in the study.

**Table 2: Discriminant Validity Using Heterotrait-Monotrait Ratio**

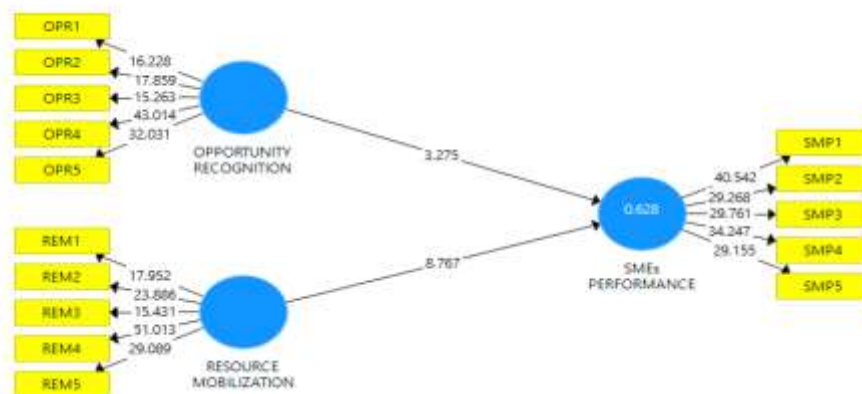
	Opportunity Recognition	Resource Mobilization	SMEs Performance
Opportunity Recognition			
Resource Mobilization	0.787		
SMEs Performance	0.809	0.850	

Source: *SmartPLS Output 2025*

Table 2 presents the Heterotrait-Monotrait Ratio (HTMT) values used to assess discriminant validity among the constructs of Opportunity Recognition, Resource Mobilization, and SMEs Performance. The HTMT ratios between Opportunity Recognition and Resource Mobilization (0.787), Opportunity Recognition and SMEs Performance (0.809), and Resource Mobilization and SMEs Performance (0.850) are all below the commonly accepted threshold of 0.90, indicating adequate discriminant validity. This suggests that each construct is distinct and measures different conceptual dimensions within the model, reinforcing the appropriateness of treating these variables as separate but related constructs in the analysis.

Assessing the Structural Model

In assessing the structural model, the standard assessment criteria were considered, which include the path coefficient values, p-values, and coefficient of determination (R^2), and the blindfolding-based cross-validity redundancy (Q^2). The bootstrapping procedure was conducted using a resample of 5000.

Figure 3: Path Coefficient of the Regression Model**Table 3: Path Coefficient of the Relationship**

	Path Coefficient **(Beta)	T-Values	P-Values	Decision	F ²
Opportunity Recognition -> SMEs Performance	0.224	3.275	0.001	Rejected	0.045
Resource Mobilization -> SMEs Performance	0.598	8.767	0.000	Rejected	0.318

Source: *SmartPLS Output 2025*



Table 3 shows the result of the Path coefficient for the direct relationship of the study variables.

Test of Hypotheses

Hypothesis One (HO1): Opportunity recognition has no significant effect on SMEs' performance in Nasarawa State.

The analysis reveals a path coefficient (Beta) of 0.224 for the relationship between opportunity recognition and SMEs' performance, with a t-value of 3.275 and a p-value of 0.001. Since the p-value is less than 0.05, the null hypothesis (HO1) is rejected, indicating that opportunity recognition does have a significant effect on SMEs' performance in Nasarawa State. The positive Beta value suggests a positive relationship, meaning that as opportunity recognition improves, SMEs' performance is likely to increase. However, the effect size ($f^2 = 0.045$) indicates a small impact, implying that while significant, opportunity recognition contributes modestly to changes in performance outcomes.

Hypothesis Two (HO2): Resource mobilization has no significant effect on SMEs' performance in Nasarawa State.

For resource mobilization, the path coefficient is 0.598, with a t-value of 8.767 and a p-value of 0.000, all strongly indicating statistical significance. Consequently, the null hypothesis (HO2) is also rejected, confirming that resource mobilization significantly affects SMEs' performance in Nasarawa State. The high Beta value shows a strong positive relationship, meaning that effective resource mobilization leads to a substantial improvement in performance. Additionally, the effect size ($f^2 = 0.318$) suggests a moderate to large effect, highlighting resource mobilization as a key driver of performance among SMEs in the region.

Table 4: R² and Predictive Relevance of the Model

	R²	Q² (=1-SSE/SSO)
SMEs Performance	0.749	0.432

Source: *SmartPLS Output 2025*

The results in Table 4 show that the model explains 74.9% ($R^2 = 0.749$) of the variance in SMEs' performance, indicating a strong explanatory power. This suggests that the independent variables in the model (opportunity recognition and resource mobilization) collectively account for a substantial proportion of the changes in SMEs' performance. Additionally, the Q^2 value of 0.432 demonstrates that the model has strong predictive relevance, as values above 0 indicate predictive capability, and values above 0.35 are generally considered large. Therefore, the model not only fits the data well but also has a robust ability to predict SMEs' performance in Nasarawa State.

DISCUSSIONS OF FINDINGS

The study's findings underscore the significant roles of both opportunity recognition and resource mobilization in influencing SME performance in Nasarawa State, with resource mobilization exhibiting a particularly strong effect. The positive and significant relationship between opportunity recognition and performance aligns with earlier research by Lew et al. (2023) and Guo et al. (2017), who highlighted that the identification of opportunities is pivotal



for SMEs' growth, especially when complemented by strategic capabilities like business-model innovation. Similarly, the moderate effect size for opportunity recognition indicates that although it is important, its influence on performance is somewhat modest, aligning with criticisms from Collis and Anand (2020) that dynamic capabilities, including opportunity recognition, can sometimes be diffuse or substitutable. Importantly, the findings around resource mobilization align with previous studies such as Ngiri and Njagi (2022) and Abidogun (2023), which emphasized that efficient resource management, particularly financial and human resources, is vital for SMEs' performance and sustainability, thus reaffirming the criticality of resource mobilization as a strategic capability.

However, the study's results also reveal some inconsistencies with earlier research, notably those that downplayed the direct impact of opportunity recognition, suggesting that context-specific factors in Nasarawa State, such as volatile market conditions, power supply issues, and limited institutional support, may amplify the importance of resource mobilization over opportunity recognition. While Shuja and Abbasi (2021) emphasized resource mobilization's role in crisis management within the banking sector, its relevance in a high-turbulence environment like Nasarawa appears even more crucial, as reflected in the large effect size observed. Contrarily, some scholars have expressed skepticism over the distinctiveness of these capabilities, citing their potential overlap (Collis & Anand, 2020), but the study's findings demonstrate that both opportunity recognition and resource mobilization independently contribute to SME performance, reinforcing the value of developing these entrepreneurial routines in turbulent contexts for improved adaptability, growth, and survival.

CONCLUSION AND RECOMMENDATIONS

This study confirms that both opportunity recognition and resource mobilization significantly influence SME performance in Nasarawa State. Opportunity recognition, although having a modest effect size, plays a vital role in identifying potential growth avenues, while resource mobilization exerts a stronger influence, highlighting its importance in providing the necessary inputs for operational success. The findings suggest that strategic capabilities in sensing opportunities and mobilizing resources are critical determinants for SMEs navigating a volatile environment characterized by fluctuating market conditions and infrastructural challenges. Overall, the study underscores the need for SMEs to enhance these entrepreneurial processes to improve their performance, resilience, and competitiveness in Nasarawa State.

Recommendations

Based on the significant effect of opportunity recognition on SME performance, it is essential for SMEs in Nasarawa State to invest in training and capacity-building programs that enhance their ability to identify and capitalize on market opportunities. Entrepreneurial alertness workshops, market intelligence systems, and mentorship programs could improve an SME's capacity to sense local demand shifts and emerging trends. Additionally, policymakers should support the development of networking platforms that connect SMEs with potential partners, financiers, and information sources to foster a proactive entrepreneurial environment conducive to opportunity detection and exploitation.

Furthermore, given the strong influence of resource mobilization on SME performance, it is crucial for SMEs to develop robust resource acquisition and management strategies. This can



be achieved through improving financial literacy, establishing stronger relationships with financial institutions for easier access to capital, and adopting effective human resource practices. Government agencies and development stakeholders should facilitate access to affordable credit, business development services, and resource-sharing initiatives. Quick, efficient, and strategic resource mobilization will enable SMEs to respond promptly to market demands and operational challenges, ultimately enhancing their growth prospects and long-term sustainability.

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