Moderating Effects of Government Policy on Interraction between Entrepreneurial Mindset and Job Creation of Smes in Lagos State Nigeria

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Abstract

Introduction: Most studies on entrepreneurial mindset dimensions often focus on entrepreneurship education; entrepreneurial intentions; entrepreneurship training; entrepreneurial innovativeness and their impact on job creation ignoring the crucial role of government policy.

Objectives: The main objective of this study is to investigate the moderating role on the interactions between entrepreneurial mindset variables and job creation in Lagos State.

Methods: This study adopted a cross-sectional survey research design. Inferential statistics was used to examine the relationship between the variables under investigation.

Results: The findings revealed that entrepreneurial mindset variables (entrepreneurial knowledge, innovativeness, business alertness, risk taking,) have significant effect on job creation of selected SMEs in Lagos State, Nigeria. Government policy has no significant moderating effect on the relationship between Entrepreneurial mindset variables used in this study and job creation in selected SMEs in Lagos State (R^2 = 0.000, F = 0.101, P= 0. 750). **Conclusion**: Government policies did not moderate the relationship between entrepreneurial mindset and SMEs job creation. Therefore, the study recommends that the federal and state government should provide enabling business environment for SMEs to create jobs through policy formulation and implementation especially on the area of infrastructure and access to finance.

Keywords: SMEs, Job creation, Government Policy, entrepreneurial knowledge, innovativeness, business alertness, risk taking.

1. Introduction

Globally Small and Medium Enterprises (SMEs) plays a major role in most economies, and account for the majority of businesses worldwide and an important contributor to job creation and global economy development. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of employment worldwide. (World Bank, 2023). In the United Kingdom, SMEs are considered vital to the economy as employers and are a major contributors to economic growth (Roland 2018). SMEs accounted for 99.9% of all private sector businesses at the start of 2017, and 60% of all private sector employment (Nesta, 2017). Despite the crucial role SMEs play as employers of labour, UK SMEs productivity continues to be disappointing (Nesta, 2017). In the first quarter of 2018, productivity stood at 19% below its pre-crisis trend of 45% in 2013 (BDRC Continental, 2018).

Further, SMEs poor productivity has contributed to their low survival rates (Mallett, Wapshott and Vorley, 2018). Many start-ups do not survive, and many small firms remain small for long periods of time (Hassan, Maina and Mahammad, 2016).

According to Criscuolo, Gal and Menon (2014), few UK micro start-ups (0-9 employees) grow above 10 employees after three years. Five out of eight start-ups collapse in just eight months. Two obstacles that hamper SME growth are access to finance and poor management practices (Roland 2018). Greece has been significantly affected as the country has recorded economic recession for six consecutive years (2008–2013) and losing 25% of its GDP due to poor performance of its small and medium firms (Eurostat, 2015). The country has been severely affected by the crisis due to its disadvantageous positioning within the global division of labor, its weak productive structure and institutions, poor contribution of SMEs to GDP and the government austerity policies implemented to resolve the crisis. Greek small-and medium-sized

enterprises have been adversely as family firms, and their owners ignore technological upgrade and long-term business strategy (Kapitsinis, 2018). Against the background of great economic decline, thousands of Greek entrepreneurs have moved their firms to Bulgaria since 2007: almost 1000 Greek firms were operating in Bulgaria in 2006, while their number has increased to 3000 in 2014. SMEs have recorded unsatisfactory performance as regards contribution to GDP and employment generation in countries such as Greece, Iran, Vietnam, Nigeria and Romania. SMEs' share of total employment is about two percent in Iran (in EU it is 23 percent) (Farsi and Toghraee, 2014). Hence, SMEs make a paltry contribution to generating employment in Iran (Farsi and Toghraee, 2014). Growth of employment in SMEs in Iran over the 18-year period from 1988 to 2006 has been approximately 0.51 percent across the board (0.03 percent annually) (Farsi and Toghraee, 2014). In 2015, sub-Saharan Africa (excluding South Africa) grew faster than the continental average at 4.2%, with East Africa leading the way at 6.3% (AEO, 2017). Despite this progress, the phenomenon of jobless growth combined with the world's youngest population threatens sustainability (Igwe, Onjewu, and Nwibo, 2018).

The relevance of micro, small and medium enterprises (MSMEs) to the Nigerian economy is no longer in doubt. They possess great potentials for employment generation, improvement of local technology, output diversification, development of indigenous entrepreneurship and to drive integration with large-scale industries. In Nigeria, the sub-sector is credited with about (85%) of total industrial employment.The total number of MSMEs as at December, 2017 stood at **41,543,028**, with components as follows, viz: micro enterprises - MEs: **41, 469,947** (or 99.8 percent), small and medium enterprises - SMEs: **73,081** (or 0.2 percent). With a total employment contribution of 59,647,954 persons, including owners, at December, 2017 (equal to 86.3 percent of national workforce),

Government policy is another factor that is important to SMEs in the economy of a country that enable them to operate efficiently and reduce their administrative costs (Iddris, 2012; Kushnir, 2010). Policy can be defined as decisions that reflect values and allocating resources based on those values (Kudaisi, 2014).

In Nigeria few studies have critically investigated effect of the interaction between entrepreneurial mind set variables and job creation from the perspective of the SMEs. The skills needed to set up a business is not same as those needed to run a business (Edward, 2012). Most of the existing studies often focus on impact of personality traits and entrepreneurship education on entrepreneurial intentions of business and engineering students (Ana and Nelu, 2019), impact of entrepreneurship training on entrepreneurial efficacy and alertness among adolescent youth (Ho,, Uy, Kang, and Chan, 2018); entrepreneurial mind set and performance of small and medium scale enterprises in Makurdi metropolis, Benue State, Nigeria (Emmanuel, Hembadoon, and Alexander, 2018) among others. The effectiveness of entrepreneurial mindset in areas of innovativeness, entrepreneurial education, business alertness, risk taking, and autonomy how this mindset can translate to job creation to improve a nation's economy has therefore remained unclear (Eleonora, Giuliano, and Emilio, 2019). Ajike and Nwakoby (2017), Ana and Nelu (2019), Charles and Charles (2018) suggested that the gaps should be filled. Nigeria has a high unemployment rate, an official estimate of approximately 23.1% of the economically active population are unemployed (National Bureau of Statistics, 2018) which is the country's central and most salient problem. Nigeria's unemployment rate increased from 18.8% in the third quarter of 2017 to 23.1% in Q3 of 2018. With 20.9 million people unemployed at the end of Q3 of 2018 (2017:17.9 million) (NBS, 2018).

Among the various possible reasons that accounts for failures of SMEs is the mindset of those whose responsibility it is to manage the business (Ukenna, Makinde, Akinlabi, and Asikhia, 2019). This is so because, it is said that when business fails, what first failed was management (Yusuf, 2018). The inability of SMEs to either create more job opportunities or grow is because of the perceived lack of entrepreneurial knowledge of its owners-identified as one of the major causes of SMEs failure rates (Abeh, 2017). Another problem is that most people don't know how to manage

and grow a business properly (Ukenna et al., 2019). They don't seem to learn or have the resources to learn how to manage and grow a business. This is how the colonial era influenced the mindset of many Nigerians as most people were taught to be in the labour force and not to be entrepreneurs (Yusuf, 2018). This is the result of the poor knowledge on how to become entrepreneurs. They pursue white-collar jobs rather than becoming entrepreneurs. Hence, the result of failure to reduce the unemployment rate in Nigeria (Agwu and Emeti, 2014).

2. Objective of the Study

The main objective of this study is to investigate the interactions of entrepreneurial mind set variables and Job Creation in selected SMEs in Lagos State, Nigeria. The specific objectives are to;

i. Evaluate the effect of entrepreneurial mindset variables(entrepreneurial knowledge, entrepreneurial innovativeness and entrepreneurial risk taking) on job creation of selected SMEs in Lagos State, Nigeria.

ii. Determine the moderating effect of government policy on the relationship between entrepreneurial mind set variables and on job creation of selected SMEs in Lagos State, Nigeria.

2. Literature Review

The term "entrepreneur mindset" is explained as an "individual way of thinking about business and its opportunities that captures the benefits of uncertainty" (Dhliwayo and Vuuren, 2007, p. 128). Entrepreneurial mindset is simply defined as the feelings and the belief of a particular ability to think out of the box (Lackéus, 2016). Setting up an entrepreneurial mindset is essential to continue the aggressiveness of economic links and the socioeconomic lifestyle of the entrepreneurs through value and employment (Lackeus, 2016). Entrepreneurial mindset is a way of thinking about business that focuses on, and captures the benefits of, uncertainty (McGrath and MacMillan, 2000). The Entrepreneurial mindset, according to McGrath and MacMillan (2000) suggest that you know you have fully embraced the entrepreneurial mindset when you start to act and think like a habitual entrepreneur.

Popoola (2014) suggested that entrepreneurial mindset offers potential insights to numerous situations in understanding entrepreneurship in terms of opportunity recognition, entrepreneurial action, new venture formation, business performance, etc. Entrepreneurial mindset is the inclination to discover, evaluate, and exploit opportunities. According to Kraus and Meier (2016), entrepreneurial mindset is about creativity, innovation and taking opportunities that leads to organisational wealth creation and success and that this type of mindset enables entrepreneurs to make realistic decisions when faced with uncertainties. Creativity is a means to unlock the entrepreneurial potential of individuals, entrepreneurs and organisations, since new ideas and approaches are key ways of promoting an entrepreneurial culture (Kraus and Meier, 2016).

Entrepreneurial Knowledge

Entrepreneurial knowledge describes the ability to recognize or create an opportunity and take action aimed at realizing an innovative knowledge practice or product (Didenko and Pliego, 2014). Entrepreneurial knowledge refers to an individual's appreciation of the concepts, skills and mentality expected of an entrepreneur (Hamburg, 2015). Massad and Tucker (2009) articulated that entrepreneurial knowledge can be acquired and developed through consistent exposure to entrepreneurship activities. Small and medium scale enterprises need entrepreneurial knowledge to be creative. Small and medium scale enterprises need entrepreneurial knowledge on the skills required in growing the business such as interpersonal skills, critical and creative thinking skills (Audretsch, Lehmann, Belitski, and Cajazza, 2018). Entrepreneurship knowledge can be gained in different ways, and Pittaway and Edwards (2012) distinguish four different approaches to teaching entrepreneurship. They propose that the approach of teaching can be "about," "for," and "through." Most entrepreneurship education has been found to be of the "about" approach, which has a more traditional pedagogy that does not engage the students in activities and projects (Pittaway and Edwards, 2012; Stovang and Nielsen 2015).

Entrepreneurial knowledge emphasizes on teaching the workers or employees with the passion and desired skills needed to create an entrepreneurial firm and guide the firm

successfully via its initial stage to maturity stage (Njenga and Theuri, 2016). It seeks to provide SMEs with the knowledge, skills and motivation to encourage entrepreneurial success in a variety of settings (Izedonmi and Okafor, 2010; Maria, 2010). Entrepreneurial knowledge is designed to teach the skills and knowledge that is needed to be known before embarking on a new business venture. This would enhance necessary identification and avoidance of many pitfalls awaiting the less well trained and vigilant contemporaries. The training in entrepreneurial knowledge may initially be perceived as a cost in terms of time and money but it would eventually be appreciated (Yusuf, 2017).

Innovativeness

Innovativeness refers to the degree to which a firm engages in and embraces new ideas, novelty, experimentation and creativity that may lead to new products, services or processes (Lumpkin and Dess, 1996; Wang, 2008). Similarly, Covin and Slevin (1991) define innovativeness as a firm's propensity to experiment with new ideas in order to activate a process that results in new products, services, or technological development (González-Benito et al., 2009). In this context, innovativeness includes fostering a spirit of creativity, supporting RandD and experimentation, developing new processes, introducing new products/services, and technological leadership (Lumpkin and Dess, 2001). Innovativeness indicates pursuing and giving support to uniqueness, creative methods and the advancement of new ideas through testing (Schumpeter, 1942). Innovativeness is a significant factor to characterize entrepreneurship which could be described as the efforts to discover new opportunities and which comprise experimentation and creativity that results in new products and services, or and enhanced technical traits of existing services and products (Hoque *et al.*, 2018, Mahmood and Hanafi, 2013).

Innovativeness requires that SMEs move away from existing technologies and practices and undertake new ideas and ways of doing things. Innovation comes in many different forms; the prominent three are as follows: Technological innovation - this consists of research and engineering endeavours aimed at creating new products and services; Product market innovativeness - this is comprised of market research, product design and innovations in advertising and promotion; Administrative innovativeness or Process Innovation - this refers to novelty in management systems, control techniques and organizational structure. This type of innovation embraces reengineering the business process and therefore, implies the implementation of the internal operations and capacities. The importance of process innovation is quite well understood especially in companies under threat since it may help to improve the company's productivity (Forman and Anala, 2011). The dimensions or charateristics of innovation are viewed from the product, process, marketing. Product innovation refers to introduction the new products/services or brining significant improvement in the existing products/services (Guiné, Ramalhosa, and Valente, 2016; Polder *et al.,* 2010). For product innovation, the product either must be a new product or significantly improved with respect to its features, intended use, software, user-friendly or components and material.

According to Balla *et al.* (2018) and DeepaBabu and Manale (2016), there are three types of innovation; technological, product, and administrative innovativeness. Innovation in businesses can be classified into; product market innovation and technological innovation Krishna *et al*. (2018). Innovation represents a continuum ranging from willingness to try new innovations to a serious commitment to innovation. Firms that are highly innovative grow, however researches have reported that an innovative strategy is essentially speculative, with returns unknowable in advance, innovators run the risk of wasted resources if investment does not yield the hoped for results. Innovations that become successful also risk imitation.

Risk taking

Wioeniewska, Tarczyñska, and Papiashvili (2015) define risk-taking as the tendency of a firm to engage in high-risk projects with the aid of managerial preferences who choose bold actions to achieve a firm's objective. However, Lumpkin and Dess (1996) argue that it is important to note that risk has various meanings depending on the context in which it is applied. It is posited that

organizations that do not take risks in dynamic environments will lose market share and will not be able to maintain a strong industry standing relative to more aggressive competitors (Wioeniewska, Tarczyñska, and Papiashvili, 2015). Risk taking refers to bold moves into unknown business areas and/or the commitment of significant resources to business activities under conditions of uncertainty (Lumpkin and Dess, 1996).

Risk-taking in entrepreneurship refers to the willingness of entrepreneurs to take calculated business-related risks (Kazemi and Madandar, 2012). To be successful, SMEs usually have to take on riskier projects, even if it means foregoing the methods or products that have worked for other businesses (Lumpkin and Dess, 2001). Choe and Loo (2013) perceives risk taking as the willingness to invest resources in business opportunities with possibilities of costly failure. The author adds that the risks involve not only financial success, but career opportunities, family relations and physical wellbeing. In today's turbulent and dynamic business environment, risk management is a vital component in strategic management and entrepreneurial considerations (Harris and Ogbonna, 2006).

According to Rauch *et al.* (2009) risk-taking, is associated with undertaking certain activities of assigning valuable resources to venture capitals in changeable environments. According to Lumpkin and Dess (1996) risk-taking is normally perceived as a trait more often exercised to describe entrepreneurship. Hoque *et al.* (2018) stated that risk-taking implies to the degree to which entrepreneurs are eager to make large resource commitmentsRisk-taking has also been coined as the ability and willingness of a firm to pursue calculated and planned business opportunities in the marketplace, even though outcomes of these opportunities are uncertain (Lumpkin and Dess, 2001).

Government Policy

Government policy is another factor that is important to SMEs in the economy of a country that enable them to operate efficiently and reduce their administrative costs (Iddris, 2012; Kushnir, 2010). Policy can be defined as decisions that reflect values and allocating resources based on those values (Kudaisi, 2014). Governmental policy reflects theoretical or experiential assumptions about what is required to resolve a particular issue or problem. According to Peter, Jeremy, and Hui (2016), government policy can be defined as a decision or action on how various societal problems or challenges that are perceived to requiring collective rather than individual effort can be resolved. Barnes, Black, and Tekachanont (2017) define government policy as a series of steps taking by the government to solve problems that are perceived general to the society, make decisions, allocation of resources and implementation of policies. Furthermore, Holmes, Mcgrattan, and Prescott (2013) define government policy as an initiative of a government program to correct or solve perceived problems so as to improve the living standard of their people.

It is through government policies that everything that happens in an economy is driven. It is noticed in developed nations that they have stable and strategic policies making institutions that are sustainable from time to time in view of their recognition of the relevance of policies (Williams, 2017).

Overview of Small and Medium Enterprises in Nigeria (SMEs)

Small-scale business is defined in terms of annual turnover and the number of paid employees. The measurement system of an enterprise gathers information about the changes in both the environment and the performance of the enterprise. As a result, outputs of the enterprise, the products, the services, the operational performance and the financial performance are changed. Small business covers a variety of enterprises. It encompasses sole proprietorship or entrepreneurship, family businesses and partnerships, and may be incorporated or unincorporated. The term also includes such professionals as Accountants, Lawyers, Doctors, Engineers, and Architects, who are self-employed On the other hand, SMEDAN 2017 classified SMEs as firms that employ up to 200 Peoples with a capital base of N1Billion.

One strong benefit small and medium sized businesses contribute to the economy is a quick response to their target market and customers. Due to their structure and sizes, business plans can

be flexible and implanted which is vital for economic growth. Their flexibility to change helps businesses to adapt to market trends and reduces future crisis. Speed is an advantage and one that small businesses add to the present Nigerian economy. SME's require small start-up capital making them cost effective. Additionally, the management size and structure is small, which makes the decision making process faster. Communication, innovation flow and organizational goals are easily integrated into such systems as well as a response to new innovation, customer's complaints and propositions being attended to without long protocols.

With the introduction of the National Policy on MSMEs, has now been addressed the equally topical issue of what constitutes micro, small and medium enterprises. The classification adopts dual-criteria class limits, employment and assets (excluding land and buildings) as shown below. The employment criterion, however, retains precedence over assets in resolving any problem in the classification.

Table 1 Definition of SMEs in Nigeria

S/N	Size Category	Employment	Assets (=N= Million) (excl. land and buildings)
1	Micro enterprises	Less than 10	Less than 10
2	Small enterprises	10 to 49	10 to less than 100
3	Medium enterprises	50 to 199	100 to less than 1,000

Source: SMEDAN National policy on MSME 2017
Theoretical Review
Resource-Based View

Resource Based theory was propounded by Penrose (1954) in her work, "The theory of the Growth of the firm". Barney (1991) indicates that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals. These competitive advantages in turn can help the organization enjoy strong profits. According to Wernerfelt (1984) a strategic resource is an asset that is valuable, rare, difficult to imitate, and no substitutable. A resource is valuable to the extent that it helps a firm create strategies that capitalize on opportunities and ward off threats.

Resource-based theory attributes advantage in an industry to a firm's control over bundles of unique material, human, organizational and locational resources and skills that enable unique value-creating strategies (Barney, 1991).

The theory is based on the assumption that firms acquire various resources and develop unique capabilities based on how they combine and use the resources. That resources and certainly capabilities are not highly mobile across firms and that the differences in resources and capabilities are the basis of competitive advantages (New-Bert, 2007). In the RBV of the firm, a firm's performance is affected by firm-specific resources and capabilities (Barney, 1996). This implies that, in the RBV, resources are allocated heterogeneously (unevenly) within an industry (Peteraf and Barney, 2003). Organizations therefore must be aware of their strengths and weaknesses, as they have to develop strategies on how to outperform competitors with the given resources bundles and capabilities (Wernerfelt, 1984).

However, despite the increased literature devoted to use of RBV. The theory has its own critics. According to Hedman and Kalling (2003), this theory is criticized for neglecting the obstacles to dynamics and managements. Chan et al. (2004) similarly criticizes the theory for its implicit assumption of static equilibrium yet competitive advantages stem from developing current capabilities that are highly effective in responding to the organizational environment.

Supporting this theory, in order for firms to attain competitive advantage in this competitive environment, they need to provide value to customers. This value can be derived from either cost advantage, service or differentiated products. Resource-based theory therefore, focuses on the relationship between a firm's internal resource stability and the ability to stay competitive through its strategy formulation (Porter and Kramer, 2006). This theory is applicable to this study because the RBV is important to understand value may stem from strategic alignment of risk

taking, innovativeness, entrepreneurial alertness, entrepreneurial knowledge as resources and a source of business success and competitive advantage. Furthermore, other studies support the importance of having a good strategy to attain competitive advantage from the resource-based view (Foss and Knudsen, 2003; Gottschalg and Zollo, 2007; Hult and Ketchen, 2001; Ramsay, 2001).

A well-formulated and implemented strategy can exert a significant effect on attaining a level of competitive advantage (Arend, 2003; Powell, 2003; Porter and Kramer, 2006; Richard, 2000). The resource-based view provides an avenue for organisations to plan and execute their organisational strategy by examining the position of their internal resources and capabilities towards achieving competitive advantage (Kristandl and Bontis, 2007; Sheehan and Foss, 2007).

The RBV theory is relevant to this study because the resource-based view (RBV) of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage, which eventually leads to superior organisational performance (Ismail, Raduan, Jegak, and Abdullah, 2012)

Economic intervention Theory

This is an economic policy position favoring government intervention in the market process with the intention of correcting market failures and promoting the general welfare of the people. Economic intervention can be aimed at a variety of political or economic objectives, such as promoting economic growth, increasing employment, raising wages, raising or reducing prices, promoting income equality, managing the money supply and interest rates, increasing profits, or addressing market failures (Karagiannis, 2001**).** Government intervention refers to the regulatory action taken by a government that aims to change decisions made by individuals, organizations, or groups regarding resource allocation and market mechanisms(Wallstreetmojo 2022).

Empirical Review

Lijun (2023) study on Do entrepreneurship education activities have an impact on entrepreneurial behavior? An application of behavioral entrepreneurial intention. The research offers data from China on the connection between entrepreneurship education and the desire to start a business. The hypotheses indicate the mediating function of entrepreneurial skills in this relationship. If universities and colleges want their students to have an entrepreneurial attitude and launch successful businesses, they need to improve the way they teach entrepreneurship. The study used an econometrically sound partial least squares structural equation model (PLS-SEM) to do the necessary empirical computations. The findings revealed that Education in entrepreneurship, an attitude conducive to starting a firm, the notion of planned behavior, and an entrepreneurial mindset all positively correlate with the choice to do so.

Joshua & Corey & S. Findley (2023) study on Entrepreneurial mindset(EM): An integrated definition, a review of current insights, and directions for future research examine factors related to EM and offer specific directions for future study. Additionally, we offer broad directions for advancing the trajectory of EM research and conclude with an abbreviated review of pedagogical insights. In all, by offering a definition, reviewing the literature, and highlighting specific and broad directions for future research, we attempt to consolidate and advance what is known about an individual's EM.

Zoia, and Jagienka (2019) and Samuel, Albert, Nathaniel, and Bedman (2018) found that increases in the levels of entrepreneurial alertness are related to increases in new venture creation and performance.

Similarly, Ana, and Nelu (2019) illustrated that locus of control, need for achievement and entrepreneurial knowledge proved to be important determinants for venture creation among young students, both independently and under the action of control variables.

Also, Meriza, Yuyus, Yuyun, and Diana (2016) found a positive relationship has been established between entrepreneurial knowledge and business creation. In in the same vein, Olufemi (2018) found that the behavioural component of the students' attitude toward entrepreneurship education was positive.

In the same vein, Daria, Pietro, and Peter (2015) and Mariacristina, and Marco (2018) revealed that innovativeness has a significant impact on employment growth. The empirical findings from previous studies found that small and medium enterprises are significant drivers of economic development. The findings revealed that entrepreneurial mindset plays an important role in economic development and job creation.

The study of Daria, Pietro, and Peter (2015) on innovation and job creation found that innovativeness has a significant impact on employment growth.

In the same vein, Akpan and Etor (2013) in their study revealed that lecturers were positive in their perception of the relevance of entrepreneurship education as an empowerment strategy for graduate self-employment.

Also, Oni (2012) reported that a highly innovativeness and proactiveness enterprise responded positively to performance measures with consistent increase in size and employment of qualified and competent personnel.

Likewise, Thomas and Sophia (2018) measuring entrepreneurial mindset in youth found that the entrepreneurial mindset index is a reliable and valid assessment tool to measure entrepreneurial mindset. The findings revealed that growing entrepreneurial mindset has a positive effect in getting youth to see entrepreneurship and self-employment as a possible career path and something that can be learned and developed. Similarly, the results revealed that entrepreneurial mindset has a positive effect on youth intentions to start a business.

3. Methodology

Research Design

This study adopted a cross-sectional survey design to examine the effects of entrepreneurial mindset and SME success of registered SMEs in Lagos State, Nigeria because it provides a high level of general capability in representing a large population at a point in time.

The population of this study comprised of eight thousand, three hundred and ninety-six (8,396) owner/managers of SMEs operating in Lagos State and registered with small and medium enterprises development agency of Nigeria (SMEDAN, 2017).

Lagos State is chosen because of its unique position in Nigeria as the commercial nerve.

The Cochran (1997) formula of sample size determination was used to compute the sample size for this study. The Cochran (1997) sample size formula is appropriate been a scientific method to determine sample size from a known population.

$$n = \frac{NZ^2pq}{d^2(N-1) + Z^2pq}$$

Where:

n = sample size,

N = population size (total number of owner/manager),

Z = 95% Confidence Interval (Z = 1.96)

p = 0.5

q = 1-p

d = degree of estimation (0.05)

Applying the formula;

$$n = \frac{8396 \times (1.96)^2 \times 0.5 \times (1-0.5)}{(0.05)^2 \times (8396-1) + (1.96)^2 \times 0.5 \times (1-0.5)}$$

$$= \frac{8063.5184}{21.9479}$$

n = 367.39

= 367

However to compensate for non-response probability; 30% of the sample size was added to it to increase the sample size as suggested by Israel (2010).

30% non-response = 0.3 x 367

= 110.1

Approximately, 110

n= 367 + 110

n= 477 Respondents

Methods of Data Analysis

Data collected was analyzed by descriptive and inferential statistical technique. The justification for using descriptive statistics is that descriptive statistics enables the researcher to present the data in a more meaningful way, which allows simpler interpretation of the data.

Model of the study

JC= f(EMV) ………… equation (i)

EMV= EK, IN, RT

JC = f (EK, IN, RT) ………… equation (ii)

JC = a_0 + β_1EK + β_2IN + β_4RT + e_i………… equation (iii)

JC = f (EMV* *GP*) ………… equation (iv)

JC = β_0 + β_i EMV + β_{iz} EM**GP* + e_i …………..(.v)

4. Results

Table 2 Summary of hierarchical regression analysis for the moderating effect of government policy on the relationship Entrepreneurial Mindset variables and job creation of selected SMEs in Lagos State, Nigeria

Model[1,2,3]	Beta	t	Sig.	R	R^2	Adjusted. R^{-2}	ΔR^2	F	Sig. F Change
(Constant)[1]	3.135	20.735	.000	.492[a]	.242	.240	.242	138.614	.000
Entrepreneurial Mindset variables	.380	11.773	.000						
F and Anova Sig: 138.614(1,435), p=.000									
(Constant)[2]	1.315	11.599	.000	.849[b]	.721	.720	.480	747.473	.000
Entrepreneurial Mindset variables	.266	13.304	.000						
Government policy	.497	27.340	.000						
F and Anova Sig: 561.976(2,434), p=.000									
(Constant)[3]	1.116	1.754	.080	.849[c]	.721	.720	.000	0.101	.750
Entrepreneurial Mindset	.310	2.241	.026						
Government policy	.543	3.687	.000						
Entrepreneurial Mindset* Government policy	-.010	-.318	.750						

a. Predictors: (Constant), Entrepreneurial Mindset variables

b. Predictors: (Constant), Entrepreneurial Mindset variables, Government policy

c. Predictors: (Constant), Entrepreneurial Mindset, Government policy, Entrepreneurial Mindset*Govt policy

d. Dependent Variable: SME Success

Source: Researcher's Field Survey Results (2023)

Tables 2 present hierarchical multiple regression results for the moderating effect of government policy on the interactions between entrepreneurial mind set and SME Success. Results in Table 9 model 1 summarize the output for the analysis if moderation effect is not considered. Therefore, in this model, the independent variable was entrepreneurial mind set.

From table 9, Model 1 reveals that R = 0.492, R^{-2} = 0.242, and F(1,435)= 138.614, p = 0.000. The value of coefficient of determination, R^2 indicates that 24.2% of the variance in the success of selected SMEs in Lagos State, Nigeria was explained by entrepreneurial mindset. The remaining 75.8% of the total variation in SME success are explained by factors not included in the model. The explained variation in the interaction between entrepreneurial mind set and SME success was found to be significant at p-value of 0.000 which is below the accepted threshold of 0.05. The regression coefficients section in Table 4.21 shows that the coefficient and constants were both positive and statistically significant given the p-value of 0.000. Hence, the model that establishes the effect of entrepreneurial mindset on SME success was expressed as follows;

JC = 3.135 + 0.380EMV……………………………. Eq. (vi)

Where JC = job creation

EMV = Entrepreneurial mind set Variables

In the second model, a multiple regression involving entrepreneurial mind set and government policy was introduced in the model as predictor variables and the results indicates that a change was experienced as R^2 change is 0.480 implying that the regression model explains 48.0% of variations in SME success while the rest (52%) are attributed to variables not included in the model. The F-statistics is 561.976 with a corresponding p-value of 0.000 (p<0.05) indicating that the effect is statistically significant.

In addition, entrepreneurial mindset variables has a coefficient of 0.266; t-statistic of 13.304, and a p-value of 0.000. This implies that entrepreneurial mind set variables has positive and significant influence on success of the selected SMEs in Lagos State, Nigeria. More so, a unit change in entrepreneurial mind set variables will have a concomitant 0.266 change in SME success.

The beta coefficient for government policy is 0.497; t-statistic of 27.340, and a corresponding p-value of 0.000. This implies that government policy have positive and statistically significant influence on success of the selected SMEs in Lagos State, Nigeria. The result posits that a unit change in government policy would result in 0.497 change in SME success. The regression model is hence restated as follows;

J = 1.315 + 0.266EMS + 0.497GOV*EMV……………….. Eq (vi)

Where: JC = Job creation

   EMV = Entrepreneurial mindset variable

   GOVp= Government policy

The third model involved the introduction of interaction term of entrepreneurial mind set and government policy using regression model. Result in Table 2 indicates that the R square change is 0.000, and F-change of 0.101 with a corresponding p-value of 0.750 implied that the interaction term of entrepreneurial mind set and government policy have a positive but statistically insignificant moderating effect on success of selected SMEs in Lagos State, Nigeria (p=0.750). Furthermore, the interaction term of entrepreneurial mind set and government policy has a beta coefficient of -0.010, and a corresponding p-value of 0.750. Hence, this imply that government policy does not significantly moderate the relationship between entrepreneurial mind set and success of selected SMEs in Lagos State, Nigeria. Based on this result, this study fail to reject the null hypothesis seven (H_{06}) which states that government policy has no significant moderating effect on the association between entrepreneurial mind set and success of selected SMEs in Lagos State, Nigeria.

5. Discussion

From the interpretation of analyses of data collected and findings of the study, the following can be summed up as the major empirical findings of this study:

i. Entrepreneurial mind set variables (entrepreneurial knowledge, innovativeness, and risk taking) have significant effect on job creation of selected SMEs in Lagos State, Nigeria ($F(5,431)=16.697$, p= 0.000)

ii. Government policy has no significant moderating effect on the relationship between Entrepreneurial Mindset variables and job creation of selected SMEs in Lagos State, Nigeria ^{p} = 0. .000, F = 0.101).

Based on the empirical findings, this study concluded that there was a statistically significant effect of Entrepreneurial mindset dimensions (entrepreneurial knowledge, innovativeness, business alertness, risk taking, and Autonomy) on each of the measures of SMEs success which include job creation. Further analysis showed that government policy did not moderate the relationship between entrepreneurial mindset and job creation SMEs given the interaction effect was statistically insignificant.

Based on the findings of this study, the following recommendations are made;

i. The contribution of entrepreneurial mindset dimensions to job creation is weak. It is imperative for the owner-managers of the selected SMEs in Lagos State to pay attention and resources to ensure that it upgrade it entrepreneurial mindset so that it can enhance its capacity to create jobs for the citizens. Specifically, owner-managers needs to take calculated risk.

ii.Government policies did not moderate the relationship between entrepreneurial mindset and SME success. Therefore, the study recommends that the federal and state government should provide enabling business environment for SMEs to succeed through policy formulation and

implementation especially on the area of infrastructure and access to finance

6.   References

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