Environmental, Social, and Governance Disclosure and Financial Performance of Multinational Companies (MNCs) in Nigeria

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Abstract: The study investigates the impact of Environmental, Social, and Governance (ESG) disclosure on the financial performance of Multinational Companies (MNCs) in Nigeria. The study covers a period of ten years from 2011 to 2020 and usable data was drawn from fifteen MNCs for the analysis. Data on indicators of ESG are collected from the annual reports of the companies through the Nigerian Exchange Group (NGX Group). Panel data regression analysis is used, and fixed and random effects apart from the descriptive statistics are used. The result from the analysis suggests that the level of awareness about the Social aspect of ESG among the MNCs companies is very low. The Environmental and corporate governance aspect of ESG has a significant impact on the financial performance of the MNCs in Nigeria. Notwithstanding, the social indices component of ESG failed to have a significant impact on the financial performance of the MNCs in Nigeria. The study recommends more orientation for the MNCs in Nigeria especially issues on social responsibility in order to create more awareness about ESG and its role. This will go a long way to improve its impact on their financial performances.

Keywords: Environmental, Social and Governance, ESG Index, financial Performance, Multinational Companies (MNCs).

JEL Classification: M14, M41, and M40

INTRODUCTION

Over the years SMEs have been one of the major drivers of the Nigerian economy contributing between 50 to 60 percent to the GDP of the country within the last two decades on average (CBN, 2019). However, in recent times it appears the glory days of the SMEs are over in Nigeria considering the dwindling nature of the growth of the sector. According to SMEDAN, (2018), entrepreneurial orientation is very important for the success of SMEs, and the ability of the entrepreneurs to imbibe relevant performance control attributes to their job description is very important for the growth of the SMEs. Despite the advocacy of the SMEDAN on the improvement in the training of the entrepreneurs that are going into SMEs yet the rate at which the SMEs are failing is mainly due to a lack of required managerial and administrative capacities. This has remained the main challenge of the SME sector in Nigeria.

The challenges in the SME sector of Nigeria are so alarming that the contributions of the SMEs in Nigeria to the GDP fell from 59.1% in 2017 to 57.8% in 2018. This figure fell further in 2019 to 48%. All these data are indications that things are not going on well with the sector which is supposed to be the engine room of...
Grassroots development in Nigeria. In the World Business Ranking of 2020, Nigeria was ranked 131st against Ghana’s 118th position in the ease of doing business. Just recently, Twitter opened its Africa headquarters in Ghana. Ordinarily, Nigeria is more social media activity than any other country in Africa, Ghana inclusive. The question is, why to choose Ghana over Nigeria. The simple answer is, that Nigeria’s environment is not business-friendly, owing to myriads of problems faced by the nation. According to the Credit Bureau Association of Nigeria, only 4% of the SMEs out of the over 40 million have access to loan facilities.

Studies have identified some myriads of problems that are responsible for the slow growth of SMEs in Nigeria. The most severe is the lack of required orientation on the part of the entrepreneurs. Innocent, Paul & Amaka (2018) emphasized that about 60% of the SMEs in Nigeria are one-man businesses, and the impression of “I can do it alone” without the requisite knowledge in their businesses has led to the increase in the mortality rate among many new SMEs in Nigeria. According to Arshad, & Rash, (2018), a good entrepreneurial orientation should have innovation, Risk-taking, and proactiveness. It is believed that if SME owners have all these attributes it will be very easy for them to avoid the common pitfalls of many SMEs in the world today.

One of the most important aspects of the managerial capacity of SME entrepreneurs is their ability to effect good performance control attributes. This attribute entails the ability of SMEs to compare the actual performance with the targeted performance and ensure appropriate feedback is gathered to control the gap between the actual and the targeted performance. This is believed will allow SMEs to achieve sustainable growth (Umiali & Indrawati, 2017). The inability of many SMEs to ensure appropriate performance control attributes has been described as a challenge for some SMEs. It is also believed that a good entrepreneurial orientation should be able to bring about the needed performance control attribute on the part of the SME owners. However, this assertion remains in the opinion stage and it has not been empirically verified.

This paper among others tries to investigate the extent of the relationship between entrepreneurial orientation and performance control of SMEs using Osun State SMEs as a case study. The rest of the paper is divided into the literature review, methodology, result, discussion, conclusion, and recommendation.

Literature review

Conceptual literature

This area involves aspects of definition and concept of relevant variables in the study

Performance control attribute

The success or otherwise of an organization's strategy can be measured in terms of the extent to which it achieves or deviates from its predetermined goals and objectives. The essence of any control attribute is to ensure that business plans achieve the set goals and objectives. This implies that an entrepreneurial organization's control system should have the capacity to effectively stimulate entrepreneurial orientation and eventual firm performance. This study is predicated on the premise or assumption that firm strategic management practices should meet the desired objectives (Ogundele, Akingbade, Saka, Elegunde & Aliu, 2019). This suggests that as long as organizations have goals and objectives which are brought to the fore through strategic planning, it becomes essential to put necessary controls in place to ensure that things work according to plan.

In this study, two forms of performance control attributes namely financial and strategic controls are considered relevant. The two forms of performance control attributes exist in almost every organization but have different influences on organizational innovation practices (Rausch, Wiklund, Lumpkin, & Frese, 2020). Firms rely on both financial and strategic controls as part of their structure to support the use of other strategies. However, measuring a firm’s performance poses a great challenge for researchers (Dutton& Duncan, 2021).

Entrepreneurial Orientation (EO)

Entrepreneurial orientation has become important to every business enterprise as a result of the growing complexity and volatility of the business environment. For any firm to succeed and survive under the current trend of the business environment, such firms must be entrepreneurial (Arshad & Rash, 2018). The concept of
entrepreneurial orientation (EO) formulated more than thirty years ago is now one of the most popular areas of research in strategic management (Sumiati & Indrawati 2017). Entrepreneurial orientation (EO) has its root in strategy-making process literature. Strategy making is an organization-wide phenomenon incorporating planning, analysis, decision making, and many aspects of an organization’s culture, value system, and mission (Tamer. Calantone, & Zhao, 2019). Against this background, Entrepreneurial Orientation (EO) may be viewed as a strategy-making process that key decision-makers use to enact their organizational purpose, sustain their vision and create competitive advantage. According to Stam and Elfing (2008), Entrepreneurial Orientation (EO) represents the active strategic position of a company, which is linked to ongoing developments in innovation, pro-activeness, and willingness to invest in high-risk projects where results are hasty and the likelihood of success is uncertain.

Small and Medium-Scale Enterprises

The role of small and medium-scale enterprises (SMEs) has become increasingly prominent all over the world. The SMEs sub-sector has been described as the engine of economic development of any nation (Akingbade, 2007; Saka, Elegunde & Aliu, 2013). The term SMEs has a wide range of definitions which vary from country to country. Some of the criteria used are the number of employees, total net assets, sales, and investment level. Despite the importance of SMEs to national development, there is no unique universally accepted definition for small and medium enterprises (SMEs). To define SMEs, the World Bank uses three quantitative criteria: number of employees, total assets denominated in U.S dollars, and annual sales in U.S dollars. SMEs are categorized into three: micro, small and medium enterprises. For small businesses to be categorized as micro, small and medium enterprises, a business is expected to meet the quantitative criteria for the number of employees and at least one financial criteria.

Theoretical Review

This section contains the basic theoretical perspectives which serve as the foundation of this study.

Resource-Based View (RBV)

The etymology of the Resource-Based View could be traced to Edith Penrose's work in 1959 titled: 'the theory of the growth of the firm' which addresses some fundamental questions of why some firms perform better than others and how firms achieve and sustain competitive advantage by deploying their resources. Penrose (1959) views a firm as a bundle of resources. He argues that it is the heterogeneity, not the homogeneity of productive services available from its resources that gives each firm its unique characteristics. The idea of a firm’s resource heterogeneity forms the basis of the RBV. The RBV of the firm is concerned with the relationship between the internal resources, both tangible and intangible, strategy, and firm performance. The RBV stems from the principle that the source of a firm's competitive advantage lies in its internal resources as opposed to its positioning in the external environment.

Empirical Literature

There are quite a few studies that have investigated the relationship between entrepreneurial orientation and performance control attributes. however, the existing one sees the performance control attribute as a subset of strategic management practice and investigated its relationship with other variables. One of such is Venkataraman (2019) who combined the research domains of strategic management and corporate innovation by examining the impact of strategic management practices on entrepreneurial orientation (EO). Recognizing the importance of internal business processes that enable firm entrepreneurial behavior, it is hypothesized that higher levels of EO are positively associated with the strategic management practices of (1) locus of planning, (2) scanning intensity, (3) planning flexibility, (4) planning horizon, and (5) strategy and financial control attributes. Empirical testing takes place in an under-researched emerging market context on a sample of 219 financial and business services firms. The results provide support for the positive impact that the different strategic management practices have on EO. A practical consideration is for managers to leverage the strategic management practices so that the firm's position on the conservative-entrepreneurial continuum is increased by its propensity to be innovative, proactive, and willing to take risks when confronted by uncertainty.
A related study conducted by Kuye (2018) examined the relationship between entrepreneurship, strategic management practices, and firms' performance in manufacturing firms in Nigeria. Data were generated using structured questionnaires from 670 manufacturing firms on entrepreneurship, strategic management practices of environmental scanning intensity, planning flexibility, locus of planning, planning horizon, strategic controls, financial controls, scenario planning, and corporate self-concept. The results of the study indicate that all the variables are significantly associated. The results, however, show that the influence of financial controls on performance is insignificant. The results also show that the participating firms were very much involved in planning flexibility and scenario planning and scored high performance. The results further revealed that the participating firms were less involved in entrepreneurship, scanning intensity, locus of planning, strategic controls, and corporate self-concept. The study implies that the manufacturing firms in Nigeria do not demonstrate a high commitment to strategic management practices and entrepreneurship. The results, however, corroborate the previous findings on the subject matter.

Entrialgo, Fernandez, and Vazquez (2020) examined the relationship between entrepreneurship and strategic management, from the perspective of the process and the point of view content. The influence of competitive strategy and practice of analysis, performance control attribute, flexibility, planning horizon, and control attributes on entrepreneurship was analyzed. The results which were tested on a sample of 233 Spanish SMEs indicate a positive relationship between entrepreneurship and analysis, planning flexibility, locus of planning, controls, and strategy base differentiation. The finding of this study is consistent with the findings of Barringer and Bluedorn (1999); Boru (2014); Entrialgo et al., (2000); Kuye, (2008); Li et al.,(2006); Li et al., (2009).

Some of the critical issues which have since received researchers' attention are issues – i. poor access to finance, ii. lack of focus, iii. poor infrastructure, iv. the technological problem, v. social problem, vi. insecurity – Banditry, Kidnapping, Boko Haram Insurgency Armed Robbery and a host of others, vii. competition, viii. foreign exchange problem, ix. inflation, x. high bank rate, xi. multiple taxation, xii. inconsistency in government policies, xiii. poor managerial skills, xiv. inadequate research and xv. development, among others (Onugu, 2005; Ihua 2009; Obiwuru, Oluwalaiye & Okwu, 2011; Ogundele, Akingbade, Elegunde & Olugbenga, 2012; Azeez, 2013; Ijir & Gbegi, 2015). Unfortunately, COVID-19 reared its ugly head in the world in the year 2020 and this has badly affected the business environment worldwide and Nigeria is badly hit. This has made so many businesses fold up and eventually lose jobs to a whole lot of people.

Notwithstanding, different efforts have been made by individual stakeholders and the government to promote the growth of the sector over the years. These efforts have been decentralized in most cases ranging from state interventions to federal government interventions. For instance, some state governments have established Microfinance Banks solely to promote SMEs in their communities while the Federal government has instituted various programs via the Central bank of Nigeria CBN, and other development banks such as the Bank of Industry, and Bank of Agriculture among others.

Despite all these efforts at different levels yet the growth of SMEs has not improved significantly in recent times. However, it has been observed that the government has been tackling the challenges of the SMEs from a lack of funds perspective only forgetting the fact that the orientation of the Entrepreneurs to manage the capital is very important to the sustained growth in the sector. The knowledge of the SMEs entrepreneurs in strategic management to ensure seamless running of their various organizations has been identified as an important orientation necessary for the CEOs of various SMEs in Nigeria (Akpabot & Khan, 2015).

METHODOLOGY

Research Design

This research is based on a survey of SMEs in Osun State. The data are collected with the use of a questionnaire and they are analyzed using quantitative methods.

The population of the Study

The target population for this study consists of all SMEs in Osun of Nigeria. The total registered SMEs with SMEDAN in the state is 2273 for Osun State. However, since it is not possible to cover all the SMEs, samples are
selected from the population for this survey.

Sample size determination and sampling technique

The study employed a multi-stage sampling technique. In the first stage, Osun State was stratified into six (6) based on the state administrative zones, while each of the zones formed a stratum. In each stratum (zone), all the SMEs were numbered. A proportional random sampling technique was used in determining the number of SMEs that were represented in all the strata. This is calculated as follows: Taro Yamane method was adopted to select the sample size for the numbers of SMEs the study covered in the survey. The calculation is done through the following

\[ n = \frac{N}{(1+N(e)^2)} \]  

Where \( n \) is the sample size, \( N \) is the population. According to Smith (2013) and Oribhabor & Anyawu (2019), \( e \) is the error margin usually 0.05 is used. After the calculation, a total of 340 SMEs were chosen as a sample from Osun State.

Methods of Data Collection

This study adopts a primary source of data based on the design of this study. After assessing various research questions and hypotheses, a well-structured questionnaire (research instrument) is developed to obtain data from SME owner-managers in Osun State on performance control attributes and entrepreneurial orientation in their operations. The questionnaire is divided into three sections. Section A contains questions on the socio-demographic characteristics of the respondents. These include gender, age, years of operation, number of employees, and highest qualification. Section B contains questions on performance control attributes. Section C contains questions on Entrepreneurial orientation which includes these three dimensions innovativeness, pro-activeness, and risk-taking. Apart from Section A, other sections have close-ended questions on a variable by variable using a five-point Likert rating scale ranging from Very high extent (5), High extent (4), Moderate extent (3), Low extent (2), and Very low extent (1). Each respondent was asked to indicate his or her level of agreement with the statements relating to the variables. Likert rating scale has been widely used by researchers analyzing issues on strategic management and entrepreneurship (Barringer & Bluedorn, 1999; Murimbika, 2012). The questions are adapted from a similar study carried out by Barringer and Bluedorn (1999).

Validity and Reliability of the Research Instrument

Bryman and Bell (2011) defined validity as the fact that "a measure of a concept measures concept". Validity attests to whether an instrument measures what it is supposed to and is justified by the evidence. Essentially, it entails the extent to which an instrument measures the aspects that it was intended to measure. Apart from the factor analysis the validity test of Kaiser-Meyer Olkin (KMO) value of 70 percent and Bartlet test of Sphericity with p-value less than 0 was applied. This further ensured the good quality of the questionnaire. Reliability is the consistency of a measure of a concept (Bryman & Bell, 2011). It is linked to the stability of the data. Arika (1991) explains that the reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. The reliability index for the performance control attribute and Entrepreneurial Orientation of Small and Medium Enterprises Questionnaire are calculated using the Cronbach alpha test and any question with less than 0.7 reliability index is reconstructed or replaced.

Method of data analysis

This aspect of the thesis discussed the techniques of analysis adopted in the study. However, the models to be estimated are first discussed.

Model Specifications

From the literature and the conceptual framework of the study, it is clear that the performance control attribute is the dependent variable while entrepreneurial orientation is the independent variable. However, leveraging on the
theoretical and empirical literature, entrepreneurial orientation is proxied by innovativeness, pro-activeness, and risk-taking (Johnson 2010). The model estimated is explicitly stated in equation (1)

\[ PCA_i = f(EO, I) \]  

Where EO is entrepreneurial orientation and PCA is performance control attribute. In Linear format the model is expressed as follows:

\[ PCA_i = \alpha_0 + \alpha_1INO_i + \alpha_2PROACT_i + \alpha_3RISK_i + \mu_i \]  

Where INO is innovation, PROACT is proactiveness and RISK is Risk Taking. \( i \) represents Osun State and \( \mu_i \) is the error term for the model \( a_i \) (where \( i \) is from 0 to 3) are the parameter estimates of the model.

Estimating techniques and data analysis

Data analysis tools for this study are broadly divided into two categories namely descriptive and inferential statistics.

Descriptive statistics

Descriptive statistics include the usage of the summary of statistics for the variables which involves computations of the mean and standard deviation as well as their respective maximum and minimum limits for each variable. Percentages and ratios tables were used while bar charts, histograms, and pie charts were presented were relevant during the analysis.

Inferential statistics

Inferential statistics such as; multiple linear regression, Pearson Product-moment correlation analysis, and Analysis of Variance (ANOVA) were applied with the aid of the statistical package for social science (SPSS) version 24.0. The use of Pearson Product-moment correlation analysis is necessitated because it helps to determine the degree or level of relationship or association which exists between variables. Also, it allowed the researcher to examine and explain the association between the independent and dependent variables (Johnson, 2010). Multiple linear regression was also used because it also provided a useful link between variables for further investigation and there is no provision for manipulation of behavior. Also, the ANOVA was used because it helps to examine and know which variable accounts for the most significant change in the dependent variable (Molliegeorgious, 2015). All the hypotheses were tested at a 5 percent level of significance (\( \alpha = 0.05 \)).

RESULT AND DISCUSSION

Based on the total number of SMEs in the Osun state, a total number of three hundred and forty SMEs were covered in Osun State after the application of sampling selection techniques as explained under the methodology. The analyses are as follows.

Table 1: Sex distribution of respondents in Osun State

<table>
<thead>
<tr>
<th>Sex</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>145</td>
<td>42.6</td>
<td>42.6</td>
<td>42.6</td>
</tr>
<tr>
<td>Male</td>
<td>195</td>
<td>57.4</td>
<td>57.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>340</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Results, as presented in Table 1, show that more males are represented in the survey than females. In other words, the survey shows that about 57% of the total SME owners are male while about 43% are female.
From Table 2, many of the SMEs represented in the survey from Osun state are relatively old. About 72% of them are between five years and ten years old. Out of this, 15% are above ten years old in the business. This is an indication that many of them are experienced SME owners that will be able to provide answers to issues relating to their orientation as well as management of the business over the years. The analysis further shows that less than 29% of the SMEs are relatively young between the ages of zero and five years.

Table 3 shows the staff strength of the SMEs covered in Osun state. The result shows that majority of them are relatively big having employees of ten and above. Precisely about 72% of the SMEs amounting to two hundred and forty-four out of the entire three hundred and forty SMEs have ten employees and above in Osun state. About 28% have employees below five. This implies that these SMEs still fall within the definition of establishments that describes SMEs in Nigeria.

Table 4 shows that many of the business owners in Osun State included in the survey are youths between the ages of 36-45 years. Notwithstanding, forty-nine of them are adults and the implication is that many of the SME owners are mature to handle business, hence it is expected that they will be able to provide the required answers to the questions.

Normality test

It would be recalled that the determination of the type of method of analysis to use ultimately depends on the results of the normality test. This underscores the importance of the test. Either linear or ordinal regression analysis application rests on the outcomes of the normality test which is presented in table 5.
Table 5 presents the normality test on Osun State data collected on the SMEs. The results show that both Kolmogorov-Smirnov and Shapiro-Wilk for all the variables are statistically significant at 5%. However, since the data set in this study are more than 100 we stick with the Kolmogorov-Smirnov statistics. Since all the variables have significant statistics, we conclude that they are not normally distributed; hence nonparametric approach to estimating techniques will be more suitable for the data analysis.

**Correlation analysis**

Exploring further the time-series properties of the data on Osun State necessitates the estimation of the spearman ranks correlation coefficient. The results are presented in Table 6

**Table 6 Spearman rank correlation**

<table>
<thead>
<tr>
<th></th>
<th>INNO</th>
<th>PROACT</th>
<th>RISK</th>
<th>PCA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spearman’s rho</strong></td>
<td><strong>Correlation Coefficient</strong></td>
<td>.685**</td>
<td>.949**</td>
<td>.601**</td>
</tr>
<tr>
<td><strong>INNO</strong></td>
<td>N</td>
<td>340</td>
<td>340</td>
<td>340</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td><strong>PROACT</strong></td>
<td>N</td>
<td>340</td>
<td>340</td>
<td>340</td>
</tr>
<tr>
<td><strong>Correlation Coefficient</strong></td>
<td>.685**</td>
<td>1.000</td>
<td>.797**</td>
<td>.489**</td>
</tr>
<tr>
<td><strong>RISK</strong></td>
<td>N</td>
<td>340</td>
<td>340</td>
<td>340</td>
</tr>
<tr>
<td><strong>Correlation Coefficient</strong></td>
<td>.949**</td>
<td>.797**</td>
<td>1.000</td>
<td>.690**</td>
</tr>
<tr>
<td><strong>PCA</strong></td>
<td>N</td>
<td>340</td>
<td>340</td>
<td>340</td>
</tr>
<tr>
<td><strong>Correlation Coefficient</strong></td>
<td>.601**</td>
<td>.489**</td>
<td>.690**</td>
<td>1.000</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>340</td>
<td>340</td>
<td>340</td>
<td>340</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**

The correlation coefficients in the table show the degree of association between EO and PCA. The proxies of EO namely innovation, proactiveness, and risk-taking have their correlation coefficients with the performance control attribute.

The results from the table show that INNO has a positive and significant correlation with PCA. This is an indication that INNO has a very strong association with PCA.

The proactiveness also replicated the same form of relationship as it shows that their coefficients are positive PCA. This shows that there exists a strong association between PCA and EO.

Risk-taking is the next variable and the result is no different. It also exhibits a positive and significant relationship with PCA again, confirming that there is a strong positive relationship between the two.

**Ordinal regression**

The first is the model fitting test that is presented in table 7.
Table 7: Model Fitting Information

<table>
<thead>
<tr>
<th>Model</th>
<th>-2 Log-Likelihood</th>
<th>Chi-Square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept Only</td>
<td>1815.682</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final</td>
<td>1425.302</td>
<td>390.379</td>
<td>5</td>
<td>.000</td>
</tr>
</tbody>
</table>

Link function: Logit.

The PCA model fitting information shows the extent to which the model fits the data. The null hypothesis is that the model does not fit the data. From the results in the table, the chi-square statistic of 390.379 is statistically significant at 5%. Therefore, the null hypothesis is rejected and it is concluded that the model fits the data very well.

Table 8 Goodness of fit test

<table>
<thead>
<tr>
<th>Chi-Square</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>375.413</td>
<td>219</td>
</tr>
<tr>
<td>Deviance</td>
<td>145.302</td>
<td>21</td>
</tr>
</tbody>
</table>

Link function: Logit.

The PCA model generated both the Pearson and the deviance statistics which are used to access the goodness of fit of the model. It analyses the extent to which the data explained the model and vice versa. The null hypothesis here is that the data fits the model. The significant values are all greater than 5% for both Pearson and deviance. The implication is that the model showed a good fit. Hence it is suitable for estimation.

The next step is the presentation of the pseudo R square result. It explains the percentage of variation in the dependent variable that is explained by the independent variables. The result is presented in Table 9

Table 9. Pseudo R-Square

<table>
<thead>
<tr>
<th>Cox and Snell</th>
<th>.683</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nagelkerke</td>
<td>.686</td>
</tr>
<tr>
<td>McFadden</td>
<td>.215</td>
</tr>
</tbody>
</table>

Link function: Logit.

The PCA Nagelkerke value is the point of reference here and the value is 0.686. The result implies that about 98% percent of the systemic variation in PCA is explained by all the variables of EO. This result further attests to the fact that there is a relatively strong relationship between EO and PCA among the SMEs in Osun State.

Table 10: ordinal regression estimates

<table>
<thead>
<tr>
<th>Parameter Estimates</th>
<th>Estimate</th>
<th>Std. Error</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>Threshold [PCA = 2.87]</td>
<td>13.129</td>
<td>1.059</td>
<td>153.707</td>
<td>1</td>
<td>.000</td>
<td>11.054</td>
</tr>
<tr>
<td></td>
<td>[PCA = 2.98]</td>
<td>14.588</td>
<td>1.088</td>
<td>179.749</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>[PCA = 3.02]</td>
<td>15.522</td>
<td>1.121</td>
<td>191.572</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>[PCA = 3.33]</td>
<td>16.182</td>
<td>1.146</td>
<td>199.359</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>Location INNO</td>
<td>3.242</td>
<td>.548</td>
<td>34.932</td>
<td>1</td>
<td>.000</td>
<td>4.316</td>
</tr>
<tr>
<td></td>
<td>PROACT</td>
<td>.779</td>
<td>.276</td>
<td>7.993</td>
<td>1</td>
<td>.005</td>
</tr>
<tr>
<td></td>
<td>RISK</td>
<td>9.656</td>
<td>.830</td>
<td>135.486</td>
<td>1</td>
<td>.000</td>
</tr>
</tbody>
</table>

Link function: Logit.
The PCA is the dependent variable in the estimated model in table 10 and all the variables of EO namely INNO, PROACT, and RISK are the independent variables. From Table 10 it is clear that all the variables have significant impacts on PCA.

The coefficient of INNO in the model is 3.242 and the value is statistically significant at 5%. This means that INNO maintained its positive and significant impact on PCA. The implication is that a unit increase in INNO will lead to about 3.242 improvements in PCA of the SME owners. This underscores the importance of INNO in PCA.

The PROACT as a measure of EO also has a significant impact on PCA. The coefficient is .779 and it is significant. The implication here is that a unit rise in proactiveness will give an improvement of about .779 to PCA.

Risk-taking showed a direct relationship with PCA and the relationship is significant. The parameter estimate of RISK is 9.656 and it is statistically significant. The implication is that a unit rise in risk-taking will lead to about a 9.6565.592 rise in the PCA.

Table 11. tests of parallel lines

<table>
<thead>
<tr>
<th>Model</th>
<th>-2 Log-Likelihood</th>
<th>Chi-Square</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Null Hypothesis</td>
<td>1425.302</td>
<td></td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>General</td>
<td>.000</td>
<td>1425.302</td>
<td>65</td>
<td>.000</td>
</tr>
</tbody>
</table>

The null hypothesis is that the odds for each explanatory variable are consistent and the same across the different thresholds of the dependent variable. The null hypothesis needs to be rejected before the estimates of the ordinal regression can be valid otherwise the multinomial logistic regression will be used. In this case, the significant value is 0.000. This is an indication that the null hypothesis is rejected and it is concluded that the odds for each explanatory variable are not consistent and the same across different thresholds of the dependent variable.

CONCLUSION AND RECOMMENDATIONS

Following the findings, it is obvious that some important conclusions can be made about the relationships between entrepreneurial orientation and performance control attributes among the SMEs in Osun State.

Firstly the study has shown that there are strong correlations among the variables of entrepreneurial orientation and performance control attributes. Consequently, it is concluded from the study that innovativeness, proactiveness, and risk-taking all have a strong association with performance control attributes.

Secondly, innovativeness, proactiveness, and risk-taking are important and positive drivers of performance control attributes in SMEs in Osun State. This implies that improved innovativeness, proactiveness, and risk-taking will all contribute positively to the enhancement of performance control attributes in the state.

It is again very obvious from the study that having good innovation and the ability to be more proactive as an entrepreneur rather than being reactive is necessary ingredients of entrepreneurial orientation that will ensure good performance control attributes from the entrepreneurs. Again, it is clear from the study that without risk-taking there might be no way an entrepreneur can have a good performance control attribute. It is necessary to take a risk so that when there is a deviation from the actual performance and targeted performance owing to the risk-taking there will be required effort to ensure that these gaps are reconciled to the benefit of the growth of the SMEs. It is recommended that SMEs should always develop a good orientation that will include innovativeness, proactiveness, and risk-taking as this will enable them to discharge their duties very well, especially in terms of performance control and promote the growth of the SMEs.
REFERENCES


