
Entrepreneurial Commitment and Investment Performance of Small Businesses in Abia State Nigeria

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Abstract: *This study examines the relationship between entrepreneurial commitment and investment performance of small businesses in Abia State. Survey research design was employed in the study. The owners, managers and/or supervisors of 198 laundries, packaged water and paint sellers in Abia State were sent the questionnaire and 175 of them returned theirs, representing a response rate of 76.5%. The relationship between the variables were tested using Spearman Correlation Coefficient. The result showed that the dimensions of entrepreneurial commitment significantly influences investment performance. It was thus concluded that the commitment of the founder of a business is a major determining factor towards the success of her products/services, as well as the extent to which the business will be perceived by customers. To this end, it is recommended that small business founders should: focus on their customers' experience; diversify product/service offerings in order to cater for customers' changing tastes; frequently engage customers to get feedback on products/service and personalize customer's experience in order to boost and strengthen customer relationship; invest heavily into information technology in the business especially at its early stage to scale growth; focus on social media by creating profiles on all of the major social media platforms (Instagram, Facebook, Twitter, etc.); and seek mentor networks with the goal of picking up intensive management techniques that they can be deployed to more effectively and efficiently manage and grow their work force and business processes.*

Keywords: Entrepreneurial commitment, investment Performance, Inventing, Founding, Developing, Customer satisfaction, New Product Success, Abia State.

INTRODUCTION

Nigeria has a large number of small and medium-sized businesses (SMEs). According to Mekwunye (2018), small business owners prefer small firms since they require less money and can cater to niche market needs. Because they are leading Nigeria's economic and industrial transformation, their

significance for the country's growth cannot be emphasised. There are several barriers preventing Nigeria's small and medium-sized enterprises (SMEs) from growing and expanding in order to meet the country's ever-increasing demands. For example, there is a limited availability of funding from financial institutions and the government; a high cost of credit facilities, which includes interest rates and maintenance costs; inconsistency in government policies and bureaucratic bottlenecks experienced in the administration of incentives and support facilities from all levels of government; and an absence or limited infrastructure such as a reliable electric grid or well-developed roads and transportation systems, as well as an inability to obtain locally produced raw materials (Mekwunye, 2018). Small businesses, on the other hand, have the potential to help Nigeria expand its economy and become a global player. This premise underpins the research, which tries to identify the traits that may be used to forecast a company's performance.

Performance refers to a company's capacity to achieve a high degree of profitability in terms of financial capital as well as other resources (Neely, 2016). However, according to Richard et al. (2019), investment performance can be broken down into three distinct categories: product market performance, which includes sales and market share; financial performance, which includes profitability, return on investments, and return on assets; and shareholder return, which includes economic value-added and total shareholder returns. It is well known that customer happiness has an impact on many different metrics of corporate performance, including total sales, market share, gross margin, shareholder value, and total revenue. A higher degree of customer satisfaction has a beneficial impact on customer retention, purchase intention, and good word-of-mouth recommendations. The level of customer satisfaction, on the other hand, is a good predictor of future business performance, including yearly sales growth, net operational cash flows, and market share (Wiele et al., 2017).

While some factors have been examining as predictors of investment performance, the interest here is to examine that of entrepreneurial commitment and investment performance. The significance of being committed about entrepreneurship was already recognized by Schumpeter who argued that commitment is responsible for entrepreneurial behavior that defy reason-based explanations, such as unconventional risk taking, uncommon intensity of focus and unwavering belief in a dream (Schumpeter, 1951). In line with this theory, Cardon et al. (2009) argues that entrepreneurial commitment directly influences individual entrepreneurial behavior such as the commitment towards goals and nature of striving towards goal attainment (Cardon et al., 2009; Cardon et al., 2005). Subsequently, Cardon et al. (2009 p.517) defined entrepreneurial commitment as “consciously accessible intense positive feelings experienced by engagement in entrepreneurial activities associated with roles that are meaningful and salient to the self-identity of the entrepreneur.”

Though scholars argue that there is a positive relationship between commitment and persistence, absorption and creative problem solving (Cardon et al., 2009; Zhou & George, 2001), some empirical studies did not manage to find a direct relationship between entrepreneurial commitment and investment performance (Baum & Locke, 2004; Baum, Locke, & Smith, 2001). Given the limited empirical research in this area, this study seeks to ascertain whether entrepreneurial commitment predicts investment performance of small business in **Abia state**.

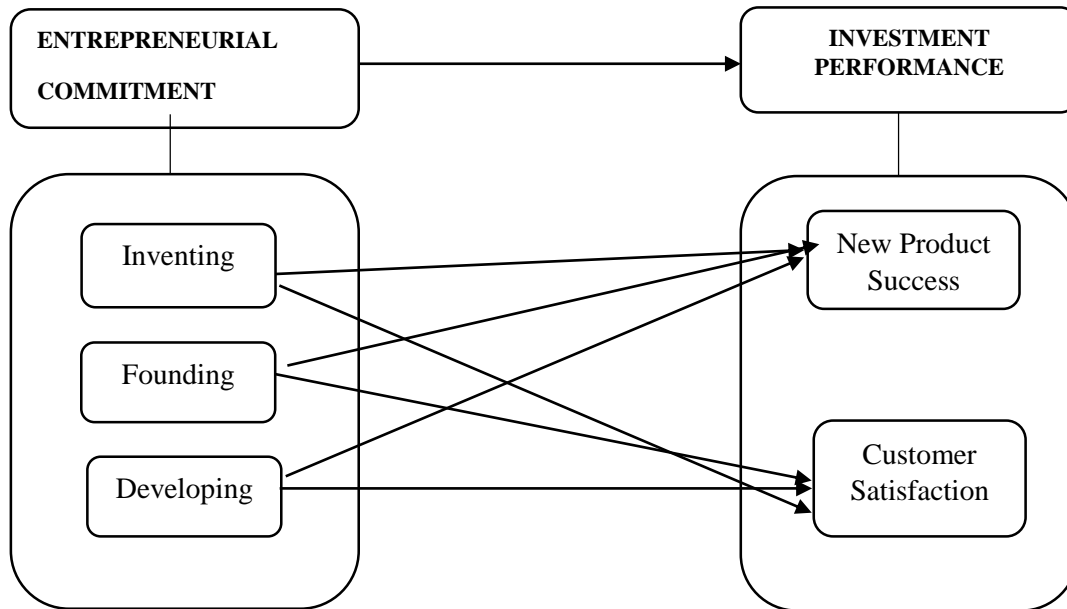


Figure 1: A Model of Entrepreneurial Commitment and investment Performance

Source: The dimensions of Entrepreneurial commitment adapted from Cardon et al. (2013); while the measures of investment performance were adapted from the works of Huang et al. (2004) and Milner and Furnham (2017).

Hypotheses

- H₀₁:** No significant relationship exists between inventing and new product success.
- H₀₂:** Inventing does not significantly relate with customer satisfaction.
- H₀₃:** There is no significant nexus between founding and new product success.
- H₀₄:** Founding has no significant correlation with customer satisfaction.
- H₀₅:** No Significant association exist between developing and new product success.
- H₀₆:** Developing does not significantly correlate with customer satisfaction.

LITERATURE REVIEW

Entrepreneurial commitment

The most popular definition of entrepreneurial commitment is the one proposed by Cardon and colleagues (Cardon, 2008; Cardon et al., 2013; Cardon et al., 2009). They define entrepreneurial commitment as “consciously accessible intense positive feelings experienced by engagement in entrepreneurial activities associated with roles that are meaningful and salient to the self-identity of the entrepreneur” (Cardon et al., 2009, p. 517). Under this definition, entrepreneurial commitment is seen as arising when the entrepreneur exhibits intense positive feelings towards a specific entrepreneurial activity or “domain” they

Publication of the European Centre for Research Training and Development-UK undertake in relation to their entrepreneurial investment, such as inventing, founding, and developing, and considers that the activity or “domain” is central to their self-identity (Cardon et al., 2013).

Based on this definition, Cardon et al. (2013) developed a five-item self-report scale to capture an entrepreneur’s commitment towards inventing, and four-item scales to capture an entrepreneur’s commitment towards founding and developing. In developing these scales, they initially created a larger pool of items and discarded items during the process of scale validation. The scale that measures commitment towards inventing comprises four items that capture an entrepreneur’s intense positive feelings towards this activity, and one item that measures the centrality of this activity to the entrepreneur’s self-identity. Similarly, the scales that measure commitment towards founding and developing comprise three items that capture an entrepreneur’s intense positive feelings towards each activity, and one item that measures the centrality of each activity to the entrepreneur’s self-identity.

Inventing

Commitment for inventing concerns activities associated with scanning the environment for new market opportunities, developing new products or services, and working with new prototypes (Cardon et al., 2009). Entrepreneurship is often associated with key changes of the economic or social landscape. Some entrepreneurs search for innovative ideas deeper and more frequently than others (Katila & Ahuja, 2002), and the desire to deliver new solutions to the marketplace is often an important motivator for entrepreneurs. Individuals experiencing commitment for inventing may actively seek out new opportunities, enjoy coming up with new product or service ideas, and relish inventing new solutions to important needs and problems. Such people enjoy tinkering with new product designs and exploring the articulation of these designs in concrete applications.

Founding

Commitment for founding relates to assembling the necessary financial, human, and social resources needed to create a new investment (Cardon et al., 2009). The desire to found an organization is an important motivator for many entrepreneurs and the founder role identity can be both complex and central to an entrepreneur's self-concept (Hoang & Gimeno, 2010). Entrepreneurs often have a need for achievement that manifests itself in the founding event — a tangible representation that they have done “something” entrepreneurial. Entrepreneurs who experience commitment for founding primarily enjoy the process of founding a investment, and often develop identities that are intertwined with the investment identity (Cardon et al., 2005).

Developing

Commitment for developing is associated with the growth and expansion of the investment after founding (Cardon et al., 2009). Many entrepreneurs are motivated not by a desire to found an organization, but by a conscious motivation to grow and expand a investment. These individuals often exhibit different strategies for organizational management than their counterparts (Gundry & Welsch, 2001). They also tend to rely on different management styles, and to communicate with key stakeholders in a manner that promotes the organization's continued expansion (Baum & Locke, 2004). While in many cases

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entrepreneurs who demonstrate high commitment for developing do so in a investment they have founded themselves, it is equally plausible that a non-founding entrepreneur could also experience high levels of commitment for stepping into an existing start-up and developing it into a more lasting, valuable, or sustainable investem. Entrepreneurs who experience commitment for developing their firm(s) may enjoy activities such as increasing sales, hiring new employees, or finding external investors to fund such developments.

Investment Performance

Scholars continue to argue about how to characterise organisational performance in light of its complexity and multidimensionality (Santos & Brito, 2012). Regardless of the viewpoint, creating customer value by utilising productive assets offered by stakeholders constitutes the ultimate aim of organisational performance (Carton, 2004). Organizational performance can be interpreted in a variety of ways. Organizational effectiveness is a broad notion that encompasses both financial and nonfinancial measures like customer satisfaction, operational effectiveness, and corporate social responsibility. It also relates to financial, product market, and shareholder return in a limited sense (Singh et al., 2016; Richard et al., 2009).

New Product Success

New product success is defined as a percentage of sales by the firm in previous year through improved or new addition in product line that were launched by the firm in last three calendar years under review. It normally comprises of two major components that are percentage of sales from last products that are new to the market and percentage of sales from products that are new to the firm (Dul & Ceylan, 2014). Success of any new product offering is relying on how well an organization is capable to acquire information from the external environment and how well the intelligence program of any firm are working to acquire information about their competitors is considered to be a worthy component during new product development design stage. Distributing such kind of information among every concerned department might encourage new product development teams to endorse features that were collected from customers through feedback and market surveys and launch successful offerings with increased rate of acceptability (Tih et al., 2016). Research has revealed that those companies who are actively sharing external information and knowledge will ultimately increase internal coordination among different departments that increases the ratio of success for the launch of new product in the market (Lau, 2011).

Customer Satisfaction

Customers are essential to a company's long-term viability as well as its ability to turn a profit. Providing clients with the goods and services or items of value they desire at the right price, in the right place, at the right time, and in the appropriate mix is how Adirika, Ebue, and Nnolim (2001) define customer satisfaction. Satisfaction, according to Kotler and Keller (2016), is an individual's assessment of how well a product performs (or does not perform) in comparison to their expectations. When a product or service doesn't live up to expectations, the customer is left feeling let down. The customer is pleased or thrilled if the service or product meets or surpasses his or her expectations. Since customer satisfaction refers to how someone feels after purchasing or consuming a product that fits their demands, it's a widely accepted

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definition. As a result, long-term client retention depends heavily on customer pleasure. Convenience, customer care, transaction techniques and processes, pricing, and products and services are regularly used in customer service to achieve client satisfaction (KPMG, 2018). As an intervening variable for improving company performance, customer service qualities are directly linked to customer satisfaction.

METHODOLOGY

Survey research design was employed in the study. The owners, managers and/or supervisors of 198 laundries, packaged water and paint sellers in Abia State were sent the questionnaire and 175 of them returned theirs, representing a response rate of 76.5%. The laundries, packaged water and paint businesses were selected from the latest official list of registered businesses in the state (Abia State Yellow Book Directory, 2013/2014). A pretest was first done to determine the internal consistency of the research instrument, and the Cronbach alpha values did not fall short of Nunnally and Bernstein's (1994) 0.7 minimum threshold. Entrepreneurial commitment, with the sub-constructs inventing, founding and developing, was measured with items adapted from Cardon et al. (2013).; while the measures of investment performance (new product success and customer satisfaction) were adapted from the works of Huang et al. (2004) and Milner and Furnham (2017). The relationship between the variables were tested using Spearman Correlation Coefficient.

RESULTS AND DISCUSSION

Bivariate Level Analyses: Test of Hypotheses

In this section of the study, the tests on the hypotheses (bivariate), is presented. The section addresses the relationship between the dimensions of entrepreneurial commitment (inventing, founding and developing) and the measures of investment performance (new product success and customer satisfaction). The hypothetical relationships between these variables are considered to be non-directional, as such each hypothesis is structured as two-tailed and focuses on the significance of the relationship (positive or negative).

The Spearman Rank Order Correlation Coefficient is adopted in the assessment of the extent to which the variables correlate. This choice is premised on the fact that we intend to test the relationships between variables and data was collected at the ordinal scale. Therefore, based on a confidence interval of 95% confidence a criterion of 0.05 level of significance is adopted in the assessment of the significance of relationships (where $P < 0.05$) and insignificance of relationships (where $P > 0.05$).

The first set of bivariate hypothetical statements assessed the relationship between employee participation and productivity. This is expressed as follows:

H₀₁: No significant relationship exists between inventing and new product success.

H₀₂: Inventing does not significantly relate with customer satisfaction.

Table 1: Relationship between Inventing and Investment Performance

		Inventing	New Product Success	Customer Satisfaction
Inventing	Correlation Coefficient	1	.765**	.754**
	Sig. (2-tailed)		.000	.000
	N	75	75	75
New Product Success	Correlation Coefficient	.765**	1	.747**
	Sig. (2-tailed)	.000		.000
	N	75	75	75
Customer Satisfaction	Correlation Coefficient	.754**	.747**	1
	Sig. (2-tailed)	.000	.000	
	N	75	75	75

Table 1 depicts the result for the relationship between inventing and the measures of investment performance. The result reveals that the relationship between inventing and new product success is significant at $\rho = .765$ and $p = 0.000$; the result for the relationship between inventing and customer satisfaction is also significant at $\rho = .754$ and $p = 0.000$. The result for the test on the effect of inventing on the measures of investment performance suggests that inventing contributes significantly towards enhancing the manifestations of new product success. This is because the result reveal that at $\rho = .765$, the relationship between inventing and new product success is stronger and much more significant than the effect of inventing on customer satisfaction. The evidence suggests that although all relationships are highly substantial and significant even at a 0.05 level, new product success has a higher tendency to reflect the creativity and innovative capacity in the organization. As such, the null hypotheses for this set of relationships are therefore not supported.

The second set of bivariate hypotheses assessed the relationship between employee empowerment and the measures of productivity: This is expressed as follows:

H03: There is no significant nexus between founding and new product success.

H04: Founding has no significant correlation with customer satisfaction.

Table 2: Relationship between Founding and Investment Performance

		Founding	New Product Success	Customer Satisfaction
Founding	Correlation Coefficient	1	.462**	.441**
	Sig. (2-tailed)		.000	.000
	N	75	75	75
New Product Success	Correlation Coefficient	.462**	1	.510**
	Sig. (2-tailed)	.000		.000
	N	75	75	75
Customer Satisfaction	Correlation Coefficient	.441**	.510**	1
	Sig. (2-tailed)	.000	.000	
	N	75	75	75

Table 2 shows the result for the relationship between founding and the measures of investment performance. The result reveals that the relationship between founding and new product success is significant though weak, at $\rho = .462$ and $p = 0.000$; the result for the relationship between founding and customer satisfaction is significant, and also weak, at $\rho = .441$ and $p = 0.000$. The result for the test on the consequence of founding on the measures of investment performance suggests that though it is weak, founding contributes a little more towards new product success. Thus, the null hypotheses for this set of relationships were also not supported.

The third set of bivariate hypotheses assessed the relationship between employee ownership and the measures of productivity: This is expressed as follows:

H05: No Significant association exist between developing and new product success.

H06: Developing does not significantly correlate with customer satisfaction.

Table 3: Relationship between Developing and Investment Performance

		Developing	New Product Success	Customer Satisfaction
Developing	Correlation Coefficient	1	.876**	.862**
	Sig. (2-tailed)		.000	.000
	N	75	75	75
New Product Success	Correlation Coefficient	.876**	1	.857**
	Sig. (2-tailed)	.000		.000
	N	75	75	75
Customer Satisfaction	Correlation Coefficient	.862**	.857**	1
	Sig. (2-tailed)	.000	.000	
	N	75	75	75

Table 3 portrays the result for the relationship between developing and the measures of investment performance. The result reveals that the association between developing and new product success is significant at $\rho = .876$ and $p = 0.000$; the result for the relationship between developing and customer satisfaction is also significant at $\rho = .862$ and $p = 0.000$. The result for the test on the impact of developing on the measures of investment performance suggests that developing contributes meaningfully towards increasing the manifestations of new product success. This is due to the fact that the result reveal that at $\rho = .876$, the relationship between developing and new product success is stronger and much more significant than the impact of developing on customer satisfaction. The evidence suggests that although all relationships are highly substantial and significant even at a 0.05 level, new product success has a higher propensity to be a function of the entrepreneur's drive towards developing after founding. Consequently, the null hypotheses for this set of relationships are also not supported.

CONCLUSION AND RECOMMENDATION

The results and discussions thus far allows one to aver that entrepreneurial commitment has a substantial influence on the performance of small business. In other words, the commitment of the founder of a business is a major determining factor towards the success of her products/services, as well as the extent to which the business will be perceived by customers. To this end, it is recommended that small business founders should:

- i. Focus on their customers' experience. This can be achieved by delivery quality experiences and products, anticipating and responding to customers' needs, and leverage on the knowledge about customers' needs to develop novel and innovative products/services.
- ii. Diversify product/service offerings in order to cater for customers' changing tastes.

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- iii. Frequently engage customers to get feedback on products/service and personalize customer's experience in order to boost and strengthen customer relationship.
- iv. Invest heavily into the business especially at its early stage to scale growth. This can be achieved by committing to redirecting profits made back into the company.
- v. Focus on social media by creating profiles on all of the major social media platforms (Instagram, Facebook, Twitter, etc.). This will allow the business better market itself and interact a larger pool of potential customers.
- vi. Seek mentor networks with the goal of picking up intensive management techniques that they can be deployed to more effectively and efficiently manage and grow their work force and business processes.

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