

1

ENTREPRENEURS' PASSION, PERSISTENCE AND PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMES) IN BENUE STATE

¹Shadrach Akuraun Iyortsuun, ²Benjamin Pam Wurim,
²Reuel Johnmark Dakung, ²Monica Clarkson Gajere

¹Department of Business Administration, Federal University, Wukari, Taraba State
shadrach@fuwukari.edu.ng.

²Department of Business Administration, University of Jos, Jos, Plateau State.

ABSTRACT

The poor performance of Small and Medium Scale Enterprises (SMEs) in Nigeria has necessitated research studies to explore factors that can contribute to their performance. This study therefore, assesses the effects of entrepreneurs' passion and persistence on the performance of Small and Medium Scale Enterprises (SMEs) in Benue State. Specifically, the study sought to on the one hand assess the effect of harmonious and obsessive passion on the persistence and performance of SMEs in Benue State and also the mediating role of persistence on this proposed relationship. Using a sample of 154 and employing hierarchical regression analysis, the study found a significant positive relationship between harmonious passion and performance of SMEs and a negative relationship was found between obsessive passion and performance of SMEs. Furthermore, the study established that persistence partially mediates the relationship between harmonious and obsessive passion and performance of SMEs in Benue State. Focus should therefore, be on building harmonious passion in business owners or managers so that the performance of SMEs in Nigeria could be improved.

Keywords: *Harmonious passion, Obsessive passion, Persistence, SME's performance, Benue State*

Submitted: 13th June 2020

Revised: 17th July 2020

Revised: 3rd August 2020

Accepted: 17th August 2020

1.0 Introduction

Small and Medium Scale Enterprises (SMEs) have been recognized worldwide as contributing to the economic growth and prosperity of nations. In Europe, SMEs contribute 58% of Gross Domestic Product (GDP) and 67% of total employment (Hyder & Lussier, 2016; Muller et al., 2017) while in USA, its contribution to GDP and total employment is 32% and 30% respectively (Organization for Economic Co-operation and Development [OECD], 2019) In Nigeria, SMEs contribute 49.78% of GDP and 76.5% of total employment (Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], 2019). SMEs therefore, provide opportunities for employment and wealth redistribution in the economy which has influenced governments to dedicate resources to promote SMEs. This situation is not different in Nigeria with various interventions designed to promote the SME sector. Such interventions include the Small and Medium Enterprises Development Agency of Nigeria in 2004, Micro finance Policy, Regulatory and Supervisory Framework launched in 2005, Small and Medium Enterprises Equity Investment Scheme, Small and Medium Scale Enterprises Guarantee Scheme and business incubation programs (Iyortsuun, 2017).

However, the success of such interventions have been questioned given the prevalence of SMEs failure in the country which was estimated to be about 60% within two years of operations (Nnamseh & Akpan, 2015). There is also evidence of low capacity utilization and productivity level by the SMEs (Gisaor, Iyortsuun & Musa, 2019). This has therefore,

elicited interest in the academic domain resulted in empirical research to understand the factors influencing performance of SMEs. One of such focus is on understanding how the individual or an entrepreneur influences firm performance. This study therefore, focuses on understanding how an individual influences firm performance, specifically understanding how passion an individual has towards his business influences his business performance.

As an emerging research field, entrepreneurial passion has been focused on theory building, therefore, empirical studies on entrepreneurial passion are increasingly emerging (e.g. Murnieks et al., 2014; Gielnik et al., 2015; Collewaert et al., 2016; Fisher, Merlot & Johnson, 2018). The empirical studies dominantly focus on how entrepreneurial passion impacts – often through self-efficacy (e.g. Biraglia & Kadile, 2017; Murnieks et al., 2014) – various entrepreneurial consequence types, including entrepreneurial intention (Biraglia & Kadile, 2017), commitment and persistence (e.g. Breugst et al., 2012; Cardon & Kirk, 2015; Fisher et al., 2018; Murnieks et al., 2014; Stenholm and Renko, 2016), investment decisions (e.g. Chen, Yao & Kotha, 2009; Mitteness, Cardon & Sudek, 2012; Murnieks et al., 2014), new venture growth (Drnovsek et al., 2016), financial performance (Ho and Pollack, 2014), managers' decision to exploit new product opportunities (Klaukien et al., 2013) and entrepreneurship motives (Thorgren, Nordstrom & Wincent, 2014). There is also an increasing interest in entrepreneurial passion as a dynamic construct that develops over time (Collewaert et al., 2016) and depends on

individuals' prior efforts (Gielnik et al., 2014, Stenholm & Nielsen, 2019) bringing into focus the nature of the individual's persistence. And because individuals operate in uncertain business environments, it is likely that his passion may wane over time, which has the capacity of impacting negatively on firm performance. Therefore, persistence that an individual has will help establish the positive relationship between business passion and firm performance. Therefore, this study also proposes that individual persistence will mediate the relationship between entrepreneurs' passion and SME performance.

The rationale for persistence as a mediating framework is therefore, relevant. Although the benefits of entrepreneurs' passion have been widely acknowledged in the entrepreneurship literature, at least three important questions remain unaddressed. First, the understanding of the influencing mechanism of entrepreneurs' passion on firm's performance remains limited (Drnovsek, Cardon & Patel, 2016). Specifically, some scholars explored the mediating role of individual variables (e.g., goal and self-efficacy) in the relationship between entrepreneurs' passion and venture growth (Baum & Locke 2004; Biraglia & Kadile 2016). However, few studies empirically investigated the mediating role of persistence in the relationship between entrepreneurs' passion and organizational outcomes (Drnovsek et al. 2016). Iyortsuun et al. (2019) and Cardon et al. (2009) indicated that persistence may serve as an important mediator in the passion-organizational outcome relationship. Given the increasingly hyper-competitive and volatile environment,

persistence is key for SMEs' survival. In this view, empirically examining persistence as one of the mediating mechanisms linking entrepreneurs' passion to performance is important for SMEs within the Nigerian context. Furthermore, there have been calls in the literature to understand the mechanisms that underlie passion and firms' performance relationship (Iyortsuun et al., 2019). Such an investigation could help us understand how and when entrepreneurial passion has a positive impact on performance, and how the positive effect of entrepreneurial passion on performance can be further enhanced.

The next section discusses the theoretical foundation of the study, the concepts relevant to the study, the proposed hypotheses of the study, the methodology, the results and discussion of the study, contributions and limitations of the study and suggestions for further study.

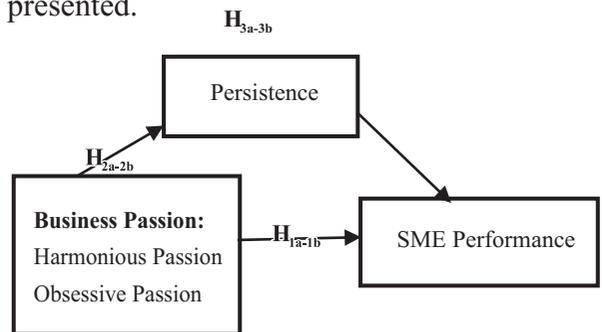
2.0 Theoretical Foundation

The underpinning theory of this study is the Vallerand et al.'s (2003) duality theory of passion for activities. Vallerand and colleagues conceptualized passion into two types: harmonious passion and obsessive passion. They proposed passion "as a strong inclination toward an activity that people like, that they find important, and in which they invest time and energy. Thus for an activity to represent a passion for people, it has to be significant in their lives, something that they like and something at which they spend time on a regular basis" (Vallerand et al., 2003, p.757). Their theory was based on a study involving 150 activities that individuals have passion for. The

individuals were requested to think of an activity that they have a strong inclination to, which they find important and therefore, invest time and energy into the activities. It was on the basis of these that they classified passion into harmonious and obsessive passion. Given that business owners or managers could also be said to be passionate about their business activities, it could therefore, be hypothesized that business passion has an influence on the performance of business activities. The argument could therefore, be that business owners or managers have a strong inclination towards the engagement in business activities because they find such activities important and would therefore, invest time and resources to ensure the success of such business activities. This is the fundamental assumption that has influenced the choice of the theory as the foundation of this study.

Furthermore, Iyortsuunetal. (2019) suggested that the link between passion and performance is distal hence they suggested that passion could influence performance through goals, entrepreneurial behavior and entrepreneurial self-efficacy. They also proposed that persistence, creative problem solving, absorption, attention and opportunity recognition are aspects of entrepreneurial behavior. Therefore, following the suggestion of the likelihood of passion influencing firm performance through a mediator, this study proposed an indirect link between passion and firm performance through persistence. As argued earlier, business individuals operate in an environment, they are influenced by factors within the environment. Some of the factors have the capacity to constrain their level of

performance or increase their performance level. Therefore, the degree of their performance is important in explaining the variation in their performance. This same argument goes into explaining the performance of businesses too because operators of SMEs are faced with challenges in their business operations hence the level of persistence they have towards such activities will contribute in explaining the level of success of their business. Therefore, the passion they have towards their business activities will have a greater influence on their performance if they are persistent in those activities despite the challenges in the business environment. This scenario has influenced the inclusion of persistence as a mediator in the link between business passion and firm performance. Therefore, the study proposes that persistence will mediate the relationship between entrepreneurial passion and performance of SMEs in Benue State. The following conceptual framework is therefore, presented.



Conceptual Framework and Hypotheses Development

Conceptual Framework and Hypotheses Development

Entrepreneur Passion and SME Performance

The development of a theory of passion was influenced by philosophers and positive psychologist (Iyortsuun et al., 2019). Vallerand et al. (2003) are credited as the first to develop a theory of passion, which they called dual model of passion, which has formed much of the research on passion by subsequent researchers. Vallerand et al (2003) define passion “as a strong inclination toward an activity that people like, that they find important, and in which they invest time and energy. Thus for an activity to represent a passion for people, it has to be significant in their lives, something that they like and something at which they spend time on a regular basis” (p.757). It “represents the energy underlying such persistence” (Vallerend et al., 2007, p.506).

Therefore, for an activity to qualify as passion the individual engaging in the activity likes it, which is the affective component (Mageau, et al., 2009), the individual also finds the activity as an important part of his or her identity, that is, an element of value (Donahue, Forest & Vallerand, 2012) and he or she spends significant time, energy and resources pursuing the activity. Therefore, when these three conditions exist, then Vallerand et al argue that the individual exhibits passion towards such an activity. Internalization of the activity is what determines the type of passion expressed by the individual and by internalization they mean the assimilation and integration of events happening in an individual's social system. Therefore, when an individual experiences volition and freedom in the pursuit of the activity, then he is classified as harmoniously passionate while when the internalization is characterized by lack of

freedom and pressure to partake in the activity, then such a passion is characterized as obsessive passion. Therefore, the Vallerand et al model of passion is conceptually divided into harmonious and obsessive passion. While both harmonious and obsessively passionate SME owners and manageress are engaged in the same activities, they differ in their quality of activity engagement (Mageau et al., 2009; Bonneville-Roussy, Vallerand & Bouffard, 2013). While harmoniously passionate SME owners or managers show autonomous internalization, obsessively passionate individuals show controlled internalization, which results to different levels of performance (Vallerand et al., 2007; St-Louis, Vernon-Filion, Bergeron & Vallerand, 2018).

The dual model of passion has formed theoretical exposition to explore the consequences of passion on SME performance. According to the dual model of passion, SME owners and managers who show high levels of harmonious passion are likely to experience positive feelings and emotions, have better quality of interpersonal relationships, be satisfied with the engagement in business activities having less conflict with their other life activities and ultimately show strong determination and drive to succeed in their businesses. Therefore, it could be hypothesized that harmoniously passionate SME owners or managers will contribute positively to the performance of their businesses. The reverse is the case with obsessively passionate SME owners or managers. Because his or her engagement in business activities is in conflict with his other life activities and also because his

engagement has been shown to ultimately impact on his level of concentration causing distraction, lack of satisfaction and general wellbeing (Bonneville-Roussy et al., 2013; Lafreniere, Vallerand & Sedikides, 2013; St-Louis et al., 2016), obsessively passionate SME owners or managers could be hypothesized to be negatively related to the performance of business. Such theoretical expositions have been supported by empirical evidence in literature which seems to confirm such theoretical propositions (Ho & Pollack, 2014). Following from these arguments, we make the following hypotheses:

Hypothesis 1a: Harmonious passion has a significant positive effect on the performance of SMEs in Benue State

Hypothesis 1b: Obsessive passion has a significant negative effect on the performance of SMEs in Benue State

Direct and Indirect Role of Persistence

People operate in and interact within systems, particularly social systems and are therefore, influenced by the factors or conditions in the social systems (Bandura, 1986). This is particularly true for business owners or managers who operate in the economic, socio-cultural, political and technological environments. These environments have been found to have significant influence on their activities (Wang & Fang, 2012). As individuals, to overcome the challenges inherent in business environments, one fundamental characteristic that business owners or managers must have is persistence. Persistence is defined as the “continuation of effortful action despite failures,

impediments, or threats, either real or imagined” (Gimeno, Folta, Cooper & Woo, 1997). In the context of the business environment, persistence is a “behavior that involves goal-directed energy sustained overtime...where the goal is success of the entrepreneurial venture” (Cardon & Kirk, 2015, p.4). Therefore, persistence is a behavior exhibited by SME owners or managers to continue in the engagement of business activities despite the harsh or unfavorable business environment they operate in with the ultimate goal of the success of the business.

Using the theoretical model of passion (Vallerand et al., 2003), we may present these arguments. For instance if business owners or managers voluntarily engage in business activities such as scanning the environment for opportunities and markets, developing and commercialization of new ideas, products, services, systems and processes and increasing turnover and implementing strategies for expansion and diversification (Iyortsuun et al., 2019), because all these activities are in congruence with the self-identity of the business owners or managers, they will be persistent in such activities. On the other hand, because these activities overshadow the other activities that SME owners or managers engage in, then they may show less persistence in such activities. Empirical research seems to indicate that harmonious passion positively contributes to persistence (Vallerand et al., 2003; Fisher et al., 2018) while the reverse is the case with obsessive passion. Therefore, this study theorizes that:

Hypothesis 2a: Harmonious passion has a significant positive effect on persistence of SME owners and managers in Benue State

Hypothesis 2b: Obsessive passion has a significant negative effect on persistence of SME owners and managers in Benue State

Persistence is an inherent quality of the duality theory of passion (Vallerand et al., 2003). Because harmoniously passionate individuals persist in the engagement in business activities out of volition and freewill without being excessively involved to the extent of affecting other activities in their life domain, then it would be expected that the positive effect of passion on SME performance will be improved by the inclusion of persistence. Therefore, persistence would mediate the positive relationship between passion and SME performance. On the other hand, with obsessively passionate SME owners or managers, because of the negative effect of the experience of obsessive passion on life activities, life satisfaction, subjective well being, concentration and flow (St-Louis, Carbonneau & Vallerand, 2016; St-Louis, Verner-Filion, Bergeron & Vallerand, 2018) it could be argued that the presence of persistence in the passion-SME performance link would enlarge the negative effect of passion on SME performance. Therefore, the negative effect of business passion on business performance would be mediated by persistence. These arguments have led to the following hypotheses:

Hypothesis 3a: Persistence mediates the positive relationship between harmonious passion and the performance of SMEs in Benue State

Hypothesis 3b: Persistence mediates the negative relationship between obsessive passion and the performance of SMEs in Benue State

3.0 Methodology

The study adopted a cross-sectional research design on a sample of managers and/or owners of SMEs in Benue State. Data was collected using questionnaires adapted from validated measures and designed using a 5-point Likert scale. Each questionnaire was given to a manager and/or owner of SMEs identified in the study area. The population of SMEs in Benue State as reported by SMEDAN (2019) was 1811. Using the Krejcie and Morgan (1970) formula produced a sample size of 373. Of the 373 questionnaires distributed, 192 were retrieved but only 154 were utilized for the analysis because of the exclusion of 38 questionnaires for missing values or wrongly filled responses. Simple random sampling was used to sample SMEs from the different sectors.

Construct Measures

All the measures used in this study were based on a 5-point likert scale from strongly agree to strongly disagree. Respondents were therefore, requested to indicate their level of agreement or disagreement with the statements with 5 indicating strongly agree to 1 indicating strongly disagree.

Business Passion: Entrepreneurs' passion was measured using the validated scale by Vallerand et al. (2003), which consist of 14 items. Sample items for harmonious passion included “Engaging in business activities allows me to live a variety of experiences”, “For me engaging in business activities is a passion, that I still manage to control” and “Engaging in business activities is in harmony with the other activities in my life” while the sample for obsessive passion include “I cannot live without attending to my business activities”, “I have difficulty imagining my life without engaging in business activities”, “I have a tough time controlling my need to engage in business activity.” The scale reliability (α) for harmonious and obsessive passion is 0.70 respectively, which is above the minimum threshold (Nunnally, 1978). However, a PCA (see Table 1) revealed a 12-item, two-factor solution with AVE of 0.52, CR of 0.74 for harmonious passion and 0.50 and 0.86 for obsessive passion respectively. An average of the 5-items represents a measure of harmonious passion and the corresponding average of the 7-item scale measure obsessive passion.

Persistence: Persistence was measured by adapting the scales developed by Howard and Crayne (2019) defined as persistence despite difficulty and persistence despite fear. A PCA revealed an 8-item single factor with AVE of 0.46, CR of 0.86. The calculated Cronbach Alpha (α) was 0.77 above the minimum threshold (Nunnally, 1978). Sample items include “I keep on going when the going gets tough”, “People describe me as someone who can stick at a task, even when it gets difficult”, “Setbacks do not

discourage me.” See Table 1 for details. A composite measure of persistence was calculated by averaging the 8-items.

SME Performance: A quasi-objective approach that employed self-report techniques was used to solicit information on specific objectives performance (Murphy, Trailer & Hill, 1996), which was aggregated to capture SME performance. Questions were asked to cover perceived change in profitability, sales volume, market share, firm growth and firm reputation (Chandler & Jansen, 1992; Zhao, Li, Lee & Chen, 2009) in the last three years that the business is in operation. The reliability scale (α) was calculated to be 0.84 above the minimum threshold (Nunnally, 1978). A PCA revealed a single factor with AVE of 0.59 and CR of 0.78. The average of the five items formed a measure of SME performance. Control variables: Sex, age and previous business experience were used in this study to control for the confounding effect of the relationship between business passion, persistence and SME performance.

4.0 Data Analysis

To test our hypotheses, the study adopted the procedures developed by Baron and Kenny (1986). According to the logic of this procedure, mediation is suggested if the following conditions are met: (a) the independent variable is a significant predictor of both the dependent variable and the mediator, (b) the mediator is a significant predictor of the dependent variable, and (c) the effects of the independent variable on the dependent variable are reduced when the mediating variable is added to the regression equation. Full mediation is indicated if the

effect of the independent variable is no longer significant when the mediating variable is added, whereas partial mediation is suggested if the effect of the independent variable is reduced but remains significant.

1423.52, $p < 0.001$]Notes: HP: harmonious passion; OP: obsessive passion; P: persistence; Psme: SME performance; AVE: average variance extracted; CR: convergent reliability

Table 1: Exploratory Factor Analysis

Statement – Questionnaire Items	OP	P	P _{sme}	HP	AVE	CR
I cannot live without attending to my business activities	.860				.50	.86
I have difficulty imagining my life without engaging in business activities	.736					
I have a tough time controlling my need to engage in business activity	.705					
I have almost an obsessive feeling for my business	.705					
I am emotionally dependent on my business	.671					
My mood depends on being able to be involved in my business	.655					
I cannot help myself from engaging in business activities	.589					
I stay persistent even when I am scared of business failures		.822			.46	.86
I tend to face my fears		.732				
If I am worried or anxious about something, I will do or fact it anyway		.729				
Even if managing business is hard, I will keep trying at it		.660				
People describe me as someone who can stick at a task, even when it gets difficult		.659				
I keep on going when the going gets tough		.611				
Setbacks do not discourage me		.510				
Perceived change in profitability			.807		.59	.78
Perceived change in sales volume			.803			
Perceived change in market share			.766			
Perceived change in firm growth			.752			
Perceived change in firm reputation			.709			
Engaging in business activities allows me to live a variety of experiences				.825	.52	.74
For me engaging in business activities is a passion, that I still manage to control				.772		
Engaging in business activities is in harmony with the other activities in my life				.699		
Engaging in my business activities reflects the qualities I like about myself				.670		
Engaging in business activities allows me to live memorable experiences				.612		
Cronbach Alpha (α)	0.87	0.77	0.84	0.70		
Eigenvalues	6.61	3.30	1.72	1.45		
% of Variance Extracted	27.5	13.7	7.2%	6.0		
	%	%		%		

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

Rotation converged in 6 iterations.

KMO = 0.789; Bartlett Test of Sphericity [χ^2 (276) =

5.0 RESULTS

This section contains preliminary analysis to assess missing values and test the assumptions of the regression analysis whether the data set is appropriate for the regression analysis. Missing values analysis was conducted to assess whether the missing values was missing at random. The result indicated that the Little's MCAR was not significant requiring the implementation of the expectation maximization procedure to replace the missing values. The data set was thereafter subjected to test of normality, linearity, outliers and multicollinearity. The Histogram reasonably indicated normality while the Normal P-P Plot of Regression Standardized Residual also followed a straight line satisfying the assumption of linearity. Furthermore, the box plot did not indicate the presence of outliers while multicollinearity was assessed by calculating the Tolerance and VIF (Variance Inflation Factor) values. The Tolerance values calculated were 0.832, 0.798 and 0.883 while VIF values were 1.202, 1.252 and 1.132 for harmonious passion, obsessive passion and persistence respectively, which were all within the acceptable threshold (Tabachnik & Fidell, 2007), making the data set appropriate for regression analysis.

The preliminary analysis also focused on testing the convergent and discriminant validity of the constructs used in this study. Table 1 contains the values for AVE and CR relevant in assessing convergent and discriminant validity. Convergent validity was first evaluated by the loadings of the items on their respective factors as Table 1 indicated. This was further confirmed by the AVE which was all above the minimum threshold value of 0.50 as recommended by Fornell and Larcker (1981) except the

persistence scale. The scales therefore, suggest reasonable convergent validity. To test discriminant validity, Fornell and Larcker (1981) recommends that the square root of AVE of a construct should be compared with the correlations between and among the constructs. Discriminant validity is said to be satisfied when the constructs' correlations are less than the square root of the AVE of a construct. This condition is satisfied going by the information in Table 2, indicating that discriminant validity is satisfied in this study showing that the variables are empirically distinct from each other.

The descriptive statistics and correlations analysis (see Table 2) of the variables indicates that the respondents rate high on obsessive passion ($M=3.29$, $SD=1.293$) than harmonious passion ($M=3.26$, $SD=1.337$) with their correlation moderately high at $R=.343$. While SME performance has a mean score of 2.85 ($SD=1.241$), persistence shows a mean score of 3.47 ($SD=1.214$). Furthermore, the correlation result shows that SME performance correlates significantly with harmonious passion ($R=.195$, $p<.01$), obsessive passion ($R=-.266$, $r<.001$) and persistence ($R=.273$, $p<.001$). Harmonious passion correlates significantly with obsessive passion ($R=.343$, $p<.001$) and persistence ($R=.131$, $p<.05$) while obsessive passion correlates significantly but negatively with persistence ($R=-.223$, $p<.01$).

Table 2: Mean, Standard Deviations and Correlation

Variables	Mean	SD	1	2	3	4
Business Performance	2.85	1.241	.768			
Harmonious Passion	3.26	1.337	.195**	.719		
Obsessive Passion	3.29	1.293	-.266***	.343***	.707	
Persistence	3.47	1.214	.273***	.131*	-.223**	.678

N = 154; ***p < .001; **p < .01; *p < .05

Note: diagonal entries are the square root of average AVE

Hierarchical Analysis

It is interesting to note that the control variables in all the models (Model 1 to Model 5) were not significant indicating that sex, age and previous business experience fail to significantly predict performance of SMEs in Benue State. Hierarchical regression was used to test the hypotheses formulated for this study (see Table 3). Model 1 tested the effect of harmonious passion and obsessive passion on persistence while Model 2 to 4 had performance of SME as the response variable. Model 2 included only the control variables while Model 3 included harmonious and obsessive passion in predicting the performance of SME. To assess mediation, persistence was included in Model 4 while Model 5 assessed the effect of persistence on performance of SMEs in line with the suggestion by Baron and Kenny (1986). The results are presented in Table 3 and 4.

Model 1 with both the control variables and harmonious and obsessive passion in the model is significant $F(5,148) = 4.713$ explaining 11.7% in the variation in persistence. Model 2 which included only the control variables was not

significant $F(3,151) = 1.062$ indicating that sex, age and previous business experience do not contribute to the variation in the performance of SMEs. However, Model 3 $F(5,148) = 7.522$, Model 4 $F(6,147) = 7.435$ and Model 5 $F(1,142) = 14.641$ are all significant explaining 17.4%, 20.1% and 7.4% of the variation of the performance of SMEs respectively.

To evaluate hypothesis one, the results of Model 3 are used. Model 3 which assessed the effect of harmonious and obsessive passion on performance of SMEs show that harmonious passion has significant positive effect on performance ($\beta = .297$, $p < .001$) confirming Hypothesis 1a while obsessive passion's effect on SME performance was also significant and negative ($\beta = -.355$, $p < .001$), confirming Hypothesis 1b. This result is also confirmed by the significant negative correlation between obsessive passion and business performance ($R = -.266$, $p < .001$). This therefore, indicates that while harmonious passion has a significant positive effect on the performance of SMEs in Benue State, obsessive passion has a significant negative effect.

For hypothesis two, Model 1 results are used. As Model 1 shows, harmonious passion was found to have a significant and positive effect on persistence ($\beta = .209$, $p < .001$) confirming

the proposed effect of harmonious passion on persistence (Hypothesis 2a). Likewise, the proposed effect of obsessive passion on persistence (Hypothesis 2b) was also confirmed as it was found to be significant and negatively related to persistence ($\beta = -.295, p < .001$). The result therefore, indicates that while harmonious passion has a significant positive effect on persistence, obsessive passion's effect is significant but negative.

Following the guidelines suggested by Baron and Kenny (1986) mediation was tested using successive regression models. As the procedure indicates, the independent variables are both significant predictors of persistence and performance (see Model 1 and 3). The second condition of the procedure suggests that the mediator should significantly predict the dependent variable, which is confirmed as Model 5 indicates. Lastly, the inclusion of persistence in the full model (i.e. Model 4) shows decrease in the contribution of harmonious passion to performance of SMEs ($\beta = .260, p < .001$) while obsessive passion improves with the inclusion of persistence ($\beta = -.302, p < .001$). These results support the hypothesized relationship as captured in Hypothesis 3a and 3b supporting the conclusion that persistence partially mediates (Baron & Kenny, 2006) the relationship of harmonious passion and obsessive passion on the performance of SMEs in Benue State.

Table 3: Result of Regression Analysis

	Persistence	Business Performance			
	Model 1	Model 2	Model 3	Model 4	Model 5
Sex	-.366	.087	.068	.133	-
Age	-.024	.068	.067	.071	-
Previous business experience	.091	-.311	-.230	-.246	-
Harmonious passion	.209**		.297**	.260**	-
Obsessive passion	-.295**		-.355**	-.302**	-
Persistence				.178*	.279**
R ²	.117	.017	.174	0.201	.074
Adjusted R ²	.092		.151	0.174	.069
F	4.713**	1.062	7.522**	7.435**	14.641*

N = 154; **p < 0.001; *p < .01

Source: Author Computations (2019)

Discussions of Findings

This study was an attempt to assess the effect of entrepreneurs' passion on the performance of SMEs in Benue State. Specifically, the study sought to on the one hand assess the effect of harmonious and obsessive passion on the persistence and performance of SMEs in Benue State and to also assess the mediating role of persistence on the relationship between harmonious and obsessive passion on the performance of SMEs in Benue State. The result of the hierarchical regression showed that harmonious passion was a significant positive predictor of performance of SMEs in Benue State. This implies that business owners or managers that are harmoniously passionate when engaging in business activities will improve the performance of their businesses. Because they have a strong inclination in participating in the activity that is valuable to them, devoting significant time, energy and resources in the activity out of free will and without contingencies attached to them, they

will contribute positively to the performance of their SMEs. This finding agrees with earlier research conclusions which seem to indicate that harmonious passion has a positive effect on business performance (Ho & Pollack, 2014).

The story is different for SME owners or managers that are obsessively passionate. Because obsessive passion was found to be negatively significant with the performance of SMEs in Benue State, it then implies that those entrepreneurs who show obsessive passion in the engagement of business activities will negatively affect their business performance particularly that the degree of contribution to business performance is more than the contribution with those with harmonious passion. The implication of this results show that SME owners or managers in Benue State whose are obsessively passionate have a larger effect on the performance of their business than those who are harmoniously passionate highlighting how strong obsessive passion has on the performance of SMEs in Benue State. However, while harmoniously passionate entrepreneurs will contribute positively to the performance of their businesses, obsessively passionate SME owners or managers contribution to the performance of their business is negative. These findings agree with the research conclusions by Ho and Pollack (2014) who also reported a marginal significant negative effect of obsessive passion on overall business performance.

A similar research finding occurs with the effect of passion on persistence. As the results showed, while harmonious passion was found to significantly contribute to SME owners or managers persistence, obsessive passion effect was significant but negative. Similar research

findings were reported by Fisher et al. (2018). A possible explanation for this result would suggest that because SME owners or managers who rate high as harmoniously passionate freely engage in business activities that are dear and meaningful to them devoting significant time and energy in executive such activities, without interfering in their other life domains, then they will show persistence in such activity engagement. On the other hand, obsessively passionate SME owners or managers engage in business activities not out of volition but because of the benefits attached to the activities to the extent that these activities conflict with their other life activities preventing them on focusing fully on their business activities (Vallerand et al., 2003; Bonneville-Roussy et al., 2013). As such obsessively passionate SME owners or managers would show less persistence in their business activities.

Lastly, for the result of the mediation analysis, persistence partially mediates the relationship of both harmonious and obsessive passion on the performance of SMEs in Benue State. An interesting finding of the study shows that the inclusion of persistence in the model marginally improves the contribution of obsessively passionate SME owners and managers while reducing the contribution of harmoniously passionate SME owners or managers. This supports the duality theory of passion (Vallerand et al., 2003) which recognizes the importance of persistence in a model of passion. Therefore, because obsessively passionate owners of SMEs are persistent despite challenges in the business environment, their persistence improves marginally the performance of their businesses. On the other

hand, the improvement in performance reduces for harmoniously passionate SME owners or managers with the inclusion of persistence in the model implying that because of volition, flexible persistence in the engagement in business activities and perhaps because of the negative or poor performance of the business (Mageau et al., 2009) may have explained the reduction in the contribution to SME performance. In conclusion, the result confirms that while persistence improves performance for obsessively passionate SME owners, it reduces the performance of SMEs for harmoniously passionate SME owners or managers.

Implications of Findings

This study was an attempt at evaluating the effect of passion and persistence on the performance of SMEs in Benue State. The study has extended the Vallerand et al. (2003) conceptualization of passion to the domain of business confirming its predictive ability. The study has also established that business owners or managers who are harmoniously passionate have the most effect on performance while obsessively passionate business owners or managers contribution to the performance of their business suffers. Another contribution of the study is the inclusion of persistence in the link between entrepreneurial passion and SME performance with persistence found to improve performance for obsessively passionate business owners while for harmoniously passionate business owners, the inclusion of persistence reduces the performance of their SMEs. Lastly, the practical implication of the study is that focus should be on developing and/or improving harmonious passion in business owners so that the performance of

SMEs in Nigeria could be improved. Furthermore, owners of SMEs in Nigeria should also be encouraged to be persistent in the pursuit of business activities so as to reduce the negative effect of obsessively passionate business owners or managers on the performance of SMEs in Nigeria.

Limitation and Suggestions for Further Studies

One of the limitations of the study is the cross-sectional nature of the research, with its attendant limitation of generalizability of the research findings. Future research could adopt a longitudinal research design to better understand the impact of business passion and persistence on the performance of businesses. Furthermore, the study is limited to SMEs in Benue State and focusing only on selected SMEs in Makurdi metropolis. Like the limitation of cross-sectional research design, the limited scope of the study has the capacity of limiting the generalizability of the research findings to other populations. Future research could therefore, be done using a larger scope to better capture the passion and business performance relationship. Furthermore, business passion was conceptualized as harmonious and obsessive passion with persistence used as a mediator. Future studies could explore other mediators such as opportunity recognition, entrepreneurial self-efficacy and motivation in the indirect link between passion and performance while other conceptualizations of passion such as Cardon et al. (2009) conceptualization of passion as passion for inventing, founding and developing could be used.

References

- Bandura, A. (1986). Social foundations of thought and action: a social cognitive theory. Englewood Cliffs, NJ: Prentice-Hall
- Baron, R. M. & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: conceptual, strategic and statistical considerations. *Journal of Personality and Social Psychology*, 51(6), 1173-1182
- Baum, J. R. & Locke, E. A. (2004). The relationship of entrepreneurial traits, skill, and motivation to subsequent venture growth. *Journal of Applied Psychology*, 89(4), 587-598
- Biraglia, A. & Kadile, V. (2017). The role of entrepreneurial passion and creativity in developing entrepreneurial intentions: insights from American Homebrewers. *Journal of Small Business Management*, 55(1), 170-188
- Bonneville-Roussy, A., Lavigne, G.L. and Vallerand, R.J. (2011). When passion leads to excellence: the case of musicians. *Psychology of Music*, 39(1), 123-138.
- Breugst, N., Domurath, A., Patzelt, H. & Klaukien, A. (2012). Perceptions of entrepreneurial passion and employees' commitment to entrepreneurial ventures. *Entrepreneurship: Theory and Practice*, 36(1), 171-192.
- Cardon, M. S., Wincent, J., Singh, J. & Drnovsek, M. (2009). The nature and experience of entrepreneurial passion. *Academy of Management Review*, 34(3), 511-532
- Cardon, M. S. & Kirk, C. P. (2015). Entrepreneurial passion as mediator of the self-efficacy to persistence relationship. *Entrepreneurship Theory and Practice*, 39(5), 1027-1050. doi.org/10.1111/etap.12089
- Carpentier, J., Mageau, G. A. & Vallerand, R. J. (2012). Rumination and flow: why do people with a more harmonious passion experience higher well-being? *Journal of Happiness Studies*, 13(3), 501-518. 10.1007/s10902-011-9276-4
- Chen, X-P., Yao, X. & Kotha, S. (2009). Entrepreneur passion and preparedness in business plan preparedness: a persuasion analysis of venture capitalists' funding decisions. *Academy of Management Journal*, 52(1), 199-214
- Collewaert, V., Anseel, F., Crommelinck, M., De-Beuchkelaer, A. & Vermeire, J. (2016). When passion fades: disentangling the temporal dynamics of entrepreneurial passion for founding. *Journal of Management Studies*, 53(56), 966-995
- Donahue, E. G., Forest, J., Vallerand, R. J., Lamyre, P. N., Crevier-Braud, L. & Bergeron, E. (2012). Passion for work and emotional exhaustion: the mediating role of rumination and recovery. *Applied Psychology: Health and Well-Being*, 4(3), 341-368
- Drnovsek, M., Cardon, M. S. & Patel, P. C. (2016). Direct and indirect effects of passion on growing technology ventures. *Strategic Entrepreneurship Journal*, 10(2), 194-213
- Fernet, C., Lavigne, G.L., Vallerand,

- R.J. & Austin, S. (2014). Fired up with passion: investigating how job autonomy and passion predict burnout at career start in teachers. *Work and Stress*, 28(3), 270-288.
- Fisher, R., Merlot, E. & Johnson, L. W. (2018). The obsessive and harmonious nature of entrepreneurial passion. *International Journal of Entrepreneurial Behavior and Research*, 24(1), 22-40
- Fornell, C. & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50
- [Gielnik](#), M. M., Spitzmuller, M., Schmitt, A., Klemann, D. K. & Frese, M. (2014). I put in effort, therefore I am passionate: investigating the path from effort to passion in entrepreneurship. [Academy of Management Journal](#), 58(4), 1-46
- Gimeno, J., Folta, T. B., Cooper A. C. & Woo, C. Y. (1997). Survival of the fittest? Entrepreneurial human capital and the persistence of underperforming firms. *Administrative Science Quarterly*, 42(4), 750-783.
- Gisaor, V., Iyortsuun, A. S. & Musa, J. J. (2019). Small and Medium Scale Enterprises (SMEs) and economic recovery in Nigeria: a case study of selected SMEs in Makurdi, Benue State, Nigeria. Paper presented at the 2019 International Conference in Management and Finance, 18th – 20th June, 2019 at Gombe State University, Gombe, Nigeria
- Ho, V. T. & Pollack, J. M. (2014). Passion isn't always a good thing: examining entrepreneurs' network centrality and financial performance with a dualistic model of passion. *Journal of Management Studies*, 51(3), 433-459. 10.1111/joms.12062
- Ho, Wong & Lee (2011). A tale of passion: linking job passion and cognitive engagement to employee work performance. *Journal of Management Studies*, 48(1), 26-47. 10.1111/j.1467-6486.2009.00878.x
- Holland, D. V. & Garrett, R. P. (2015). Entrepreneur start-up versus persistence decisions: a critical evaluation of expectancy and value. *International Small Business Journal*, 33(2), 194-215. 10.1177/0266242613480375
- Howard, M. C. & Crayne, M. P. (2019). Persistence: defining the multidimensional construct and creating a measure. *Personality and Individual Differences*, 139, 77-89. 10.1016/j.paid.2018.005
- Hyder, S. & Lussier, R. N. (2016). Why businesses succeed or fail: a study on small businesses in Pakistan. *Journal of Entrepreneurship in Emerging Economies*, 8(1), 82-100
- Iyortsuun, A. S., Nmadu, T. M., Dakung, J. R. & Monica, C. G. (2019). Entrepreneurial passion and venture performance: a proposed framework. *Management Research Review*. 10.1108/MRR-10-2018-0382

- Iyortsuun, A. S. (2017). An empirical analysis of the effect of business incubation process on firm performance in Nigeria, *Journal of Small Business and Entrepreneurship*, 29(6), 433-459. 10.1080/08276331.2017.1376265
- Jachimowicz, J. M., Wihler, A., Bailey, E. R. & Galinsley, A. D. (2018). Why grit requires perseverance and passion to positively predict performance. *Proceedings of the National Association of Sciences of the United States of America*, 115(40), 9980-9985. 10.1073/pnas.1803561115
- Klauken, A., Shepherd, D. A. & Patzelt, H. (2013). Passion for work, nonwork-related excitement and innovation managers' decision to exploit new product opportunities. *The Journal of Product Innovation Management*, 30(3), 233-247
- Krejcie, R. V. & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607-610
- Lafreniere, M. K., Belanger, J. J., Sedikides, C. & Vallerand, R. J. (2011). Self-esteem and passion for activities. *Personality and Individual Differences*, 51(4), 541-544
- Lafreniere, M. K., Vallerand, R. J. & Sedikides, C. (2013). On the relation between self-enhancement and life satisfaction: the moderating role of passion. *Self and Identity*, 12(6), 597-609.
- Li, J., Zhang, J. & Yang, Z. (2017). Associations between a leader's work passion and an employee's work passion: a moderated mediation model. *Frontiers of Psychology*, 28(8), 1-12
- Mageau, G. A., Vallerand, R. J., Charest, J., Salvy, S.-J., Lacaille, N., Bouffard, T. & Koestner, R. (2009). On the development of harmonious and obsessive passion: the role of autonomy support, activity specialization, and identification with the activity. *Journal of Personality*, 77(3), 601-646. 10.1111/j.1467-6494.2009.00559.x
- Mittness, C., Cardon, M. S. & Sudek, R. (2012). The importance angels place on passion when making investment decisions: why does it matter to some and not all angels? *Frontiers of Entrepreneurship Research*, 30(2), 1-14.
- Mueller, B. A., Wolfe, M. T. & Syed, I. (2017). Passion and grit: an exploration of the pathways leading to venture success. *Journal of Business Venturing*, 32(3), 260-279. 10.1016/j.jbusvent.2017.02.001
- Muller, P., Julius, J., Herr, D., Koch, L., Peycheva, V. & McKiernan, S. (2017). Annual report on European SMEs (2016/2017). Luxembourg: European Commission. 10.2873/742338
- Murphy, G. B., Trailer, J. W. & Hill, R. C. (1996). Measuring performance in entrepreneurship research. *Journal of Business Venturing*, 36(1), 15-23. 10.1016/0148-2963(95)00159-X
- Neely, A., Gregory, M. & Platts, K. (1995). Performance measurement system design. *International Journal of Operations and Production Management*, 15(4), 80-

116. 10.1108/01443579510083622
- Nnamseh, M. & Akpan, S. S. (2015). Revitalising small business growth strategies: exploring the risk-benefit of strategic management approaches. *International Business Research*, 8(7), 87-101. 10.5539/ibr.v8n7p87
- Nunnally, J. C. (1978). An overview of psychological measurement. In: Wolman, B. B. (ed.). *Clinical diagnosis of mental disorders*. Boston, MA: Springer
- Okpara, J. O. (2011). Factors contraining the growth and survival of SMEs in Nigeria. *Management Research Review*, 34(2), 156-171. 10.1108/0140917111111
- Philippe, F. L., Vallerand, R. J., Houliort, N., Lavigne, G. L. & Donahue, E. G. (2010). Passion for an activity and quality of interpersonal relationships: the mediating role of emotions. *Journal of Personality and Social Psychology*, 98(6), 917-932.
- Pradhan, R. K., Panda, P. & Jena, L. K. (2017). Purpose, passion, and performance at the workplace: Exploring the nature, structure, and relationship. *The Psychologist-Manager Journal*, 20(4), 222-245.
- Ratelle, C. F., Vallerand, R. J., Mageau, G. A., Rousseau, F. L. & Provencher, P. (2004). When passion leads to problematic outcomes: a look at gambling. *Journal of Gambling Studies*, 20(2), 105-119. 10.1023/B:JOGS.0000022304.96042.e6
- Robinson, Stimpson, Huefner & Hunt (1991). An attitude approach to the prediction of entrepreneurship. *Entrepreneurship Theory and Practice*, 15(4), 13-32. 10.1177/104225879101500405.
- Salama-Younes, M. & Hashim, M. (2017). Passion, vitality and life satisfaction of physically active old adults. *The Journal of Positive Psychology*, 13(3), 309-319.
- Steffens, P., Terjesen, S. & Davidsson, P. (2012). Birds of a feather get lost together: new venture team composition and performance. *Small Business Economics*, 39(3), 727-743. 10.1007/s11187-011-9358-z
- Stenholm, P. & Nielson, M. S. (2019). Understanding the emergence of entrepreneurial passion: the influence of perceived emotional support and competencies. *International Journal of Entrepreneurial Behavior and Research*, 25(6), 1368-1388
- Stenholm, P. & Renko, M. (2016). Passionate bricoleurs and new venture survival. *Journal of Business Venturing*, 31(5), 595-611
- Stenseng, F. & Phelps, J. (2013). Leisure and life satisfaction: the role of passion and life domain outcomes. *World Leisure Journal*, 55(4), 320-332.
- Stoeber, J., Childs, J. H., Hayward, J. A. & Feast, A. R. (2011). Passion and motivation for studying: predicting academic engagement and burnout in university students. *Educational Psychology*, 31(4), 513-528.
- St-Louis, A. C., Carbonneau, N. & Vallerand, R. J. (2016). Passion for a cause: how it affects health and

- subjective well-being. *Journal of Personality*, 84(3), 263-276
- St-Louis, A. C., Verner-Filion, J., Bergeron, C. M., & Vallerand, R. J. 2018. Passion and mindfulness: accessing adaptive self-processes. *The Journal of Positive Psychology*, 13(2), 155-164.
- Tabachnik, B. G. & L. S. Fidell. (2007). *Using multivariate statistics* (5th ed.). Boston: Pearson Education
- Thorgren, S., Nordstrom, C. & Wincent, J. (2014). Hybrid entrepreneurship: the importance of passion. *Baltic Journal of Management*, 9(3), 314-329
- Vallerand, R.J., Blanchard, C., Mageau, G.A., Koestner, R., Ratelle, C., Leonard, M.,... and Marsolais, J. (2003), "Les passions de l'ame: on obsessive and harmonious passion", *Journal of Personality and Social Psychology*, Vol. 85 No. 4, pp. 756-767. doi.org/10.1037/0022-3514.85.4.756
- Vallerand, R. J., Salvy, S-J., Mageau, G. A., Elliot, A. J., Denis, P. L., Grouzet, F. M. E. & Blanchard, C. (2007). On the Role of Passion in Performance, *Journal of Personality*, 75(3), 505-534. 10.1111/j.1467-6494.2007.00447.x
- Venkatraman, N. & Ramanujam, V. (1987). Measurement of business economic performance: an examination of method convergence. *Journal of Management*, 13(1), 109-122. 10.1177/014920638701300109
- Venkatraman, N. & Ramanujam, V. (1986). Measurement of business performance in strategy research: a comparison of approaches. *Academy of Management Review*, 11(4), 801-814. 10.2307/258398
- Verner-Filion, J., Vallerand, R. J., Donahue, E. G., Moreau, E., Martin, A. & Mageau, G. A. (2014). Passion, coping and anxiety in sport: the interplay between key motivational and self-regulatory processes. *International Journal of Sport Psychology*, 45(6), 516-537
- Wang, M-C. & Fang, S-C. (2012). The moderating effect of environmental uncertainty on the relationship between network structures and the innovative performance of a new venture. *Journal of Business and Industrial Marketing*, 27(4), 311-323.
- Williams, R. I. (2018). Measuring family business performance: research trends and suggestions. *Journal of Family Business Management*, 8(2), 146-168.