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THE CORRELATION BETWEEN ENTREPRENEURIAL RISK-TAKING AND PROFIT MAKING AMONG MICRO, SMALL AND MEDIUM ENTERPRISES IN NIGER STATE

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Abstract

Entrepreneurial risk-taking is an important factor in business success, and there is a growing body of research on the relationship between risk-taking and profit-making in micro, small, and medium enterprises. The relationship between risk-taking ability and profit-making among micro, small, and medium enterprises (MSMEs) in Niger State was explored in this study. A survey research design was adopted, and data was collected from the population sample size of 400 MSMEs in Niger State using a standardized questionnaire. The findings revealed that there is a significant positive relationship between risk-taking and profitability ($R = 0.998a$, $p < 0.05$). That is, risk-taking explained approximately 99.6% of the variations in the level of profitability. This study concluded that moderate risk-taking and profit-making are key factors in achieving higher operational performance among micro, small, and medium enterprises. It was recommended that micro, small, and medium enterprise owners in Niger State prioritize risk-taking within a moderate range, as doing so can help them achieve higher profits and remain competitive in the long term.

Keywords: Entrepreneurial, Risk-Taking, Profit, Micro Enterprises, Small Enterprises, Medium Enterprises

1.1 Introduction

The most prevalent threats faced by small and medium-sized businesses are financial risk, managerial risk, reputational risk, operational risk, moral risk, and legal risk (Le-Roux, 2016). Small and medium-sized enterprises are primarily concerned with their financial and operational risks (Krüger, 2020). Small businesses are unable to assign a team of qualified risk personnel to ensure that enterprise-wide risk management (ERM) is implemented through exhaustive environmental scanning, unlike large enterprises. Consequently, every business, regardless of size, products, or location, faces risk. Unmanaged risks can result in missed opportunities, monetary losses, reputational damage, or the inability to function (Effiong, 1985). Consequently, business risks are unique and have an infinite number of causes. Business risks include "venturing into the unknown" (personal, social, psychological), "committing a large portion of assets," and "borrowing heavily." Risk relates to risk-return, trade-off, loss probability, and uncertainty tolerance. Managers' willingness to make large, risky resource commitments depends on loss probability (Akinmulegun & Oluwole, 2014). Profitability is money a business can make with its resources, and most companies maximize profits (Niresh & Velnampy, 2014). Profitability is the



ability to profit from all business operations. Profit is the entrepreneur's reward for investment. Profit is a business owner's main motivation. Profit measures a company's performance. Profitability, whether accounting or economic, is a business's main goal. Profitability shows how well management converts resources into profits. MSMEs will benefit from increased profitability. Profitability is essential for a company's long-term survival and success. Profitability attracts investors and ensures the business's longevity. Many business enterprises spend countless hours in meetings trying to reduce operating costs and increase sales. Most of the owners of micro, small, and medium enterprises in Niger State struggle to turn a profit for a variety of reasons, one of which is their irrational fear of taking moderate risks. This fear is not unrelated to the fact that the owners have a poor understanding of the fact that the risks of success and failure are a natural part of business experience. Nevertheless, the ultimate objective of this study is to determine whether there is a correlation between risk-taking and profit-making among micro, small, and medium enterprises in Niger State.

1.2 Research Question

In order to achieve the objective of this study, the following research question was raised to guide in the exploration of relevant sources.

Q1. Does risk taking have significant positive correlation with profitability among micro, small, and medium enterprises in Niger State?

1.3 Research Hypotheses

Based on the foregoing research question, the following null (Ho) hypothesis have been postulated and tested on the strength of data gathered from field at 5% level of significant.

H01: There is no significant positive correlation between entrepreneurial risk-taking and profit-making among micro, small, and medium enterprises in Niger State.

2.1 Conceptual Review

2.1.1 Risk-taking

Risk is the inability to accurately predict future events whose outcomes may result in financial loss (Levick, 2003). Every person, micro, small, and medium-sized business, other organization, nation, and living or nonliving commodity with monetary value is "exposed to" or "faces" dangers, which we refer to collectively as "risks." In addition to the inevitability of loss in the event of an unwelcome occurrence, several other characteristics can be identified: i. It is probable, but not certain, that an unfavourable event will transpire. ii. Uncertainty exists; it is unknown when or if the undesirable event will occur. iii. The nature or magnitude (or monetary value) of the loss that will occur if the undesirable event occurs is uncertain. There are various types of risk, such as "entering the unknown" (personally, socially, and psychologically), devoting a large portion of one's assets, and borrowing heavily (Betaková, Lorko, & Dvorsk, 2014; Bakti, Yarmen, & Damayanti, 2020). Risk is additionally referred to as risk-reward and trade-off, loss probability (Vizitiu et al., 2018), and uncertainty tolerance (Adeoti & Asabi, 2018).

Bakti, Yarmen, and Damayanti (2020) accept the probability of loss in their definition of risk-taking as the extent to which managers are willing to make substantial and risky resource commitments, i.e., those with a plausible possibility of expensive failures. For instance, a new product launch can range from "safe" risk, which involves low uncertainty and minimal resource commitments, to "high" risk, which involves high uncertainty and substantial resource



commitments. Evaluation of risk and potential failure repercussions is essential to the process of establishing micro, small, and medium-sized enterprises (Danso, Adomako, Damoah, & Uddin, 2016).

Risk-taking has been regarded as a defining characteristic of the entrepreneur and entrepreneurship for a very long time (Dierkes, Erner, Langen, & Norden, 2013). Entrepreneurial efforts to establish a new business can be risky due to the high failure rate of startups. This is because, when launching a new enterprise, entrepreneurs assume numerous risks (psychological, social, and financial). Although individual risk preferences can influence risky business decisions, according to LeRoux (2016), a person's risk-taking propensity is their capacity to take risks. Consequently, the majority of entrepreneurs are risk-takers by nature, or at least visionaries with a well-defined plan to launch a new product or service to fill a market void. On a personal level, many entrepreneurs take significant risks when they leave stable jobs to invest their time (and sometimes their own money) in launching a business. In the early stages of starting a business, it can be difficult to spend time with family due to the lack of a guaranteed monthly income and success (Alshanty & Emeagwali, 2019). Before launching a new business, every entrepreneur and investor must evaluate and mitigate the business risks discussed in the following sections.

2.1.1.1 Types of Business Risks

To effectively manage such risks, every businessperson must comprehend their nature, causes, and the plethora of necessary mitigating measures. On the basis of their origin, these threats fall into one of three broad categories.

Particular Risks

Particular risks, also known as internal, specific, or unsystematic risks, are those that arise as a result of events that occur within a business and cause damage to the business alone. The numerous contributors to particular risks are humans (Christopoulos & Barratt, 2016; Kljucnikov & Belas, 2016), technology (Baumann & Alexander, 2016; André, Rafael, & André, 2018), and physical factors (Lawrence, Felicia, Felix, Johnson & Grace, 2019).

Fundamental Risks

Fundamental risks, also known as external, undiversifiable, or systematic risks, are those that originate from events outside the business enterprise and, as a result, have the potential to harm all economic sectors. Such circumstances are typically beyond the control of the enterprise owner. Fundamental risks include economic (Asiegbu, Igwe & Akekue-Alex, 2012; Zawislak et al., 2012; Awunyo, Ayimey & Gayibor, 2013; Kotane, 2016), natural (Bititci, Garengo, Dorfler, & Nudurupati, 2012; Christopoulos & Barratt, 2016), and political (Koisova, Habanik, Virglerova & Zoltan, 2017; André, Rafael & André, 2018).

Pure Risks and Speculative Risks

Not every risk exposed to individuals, organizations, or property is insurable or insured (Asheq, & Hossain, 2020). According to Asheq and Hossain (2019), the majority of insurable risks are 'pure risks,' which include fire, accidents, and theft and offer no opportunity for gain but only for loss if the risk materializes. The so-called "status quo" is maintained if the situation does not change. Trading risks are known as 'speculative risks' because they involve the possibility of loss or profit and are frequently uninsurable. The distinction between pure and speculative risks is



based on whether the "unknown" future contains both positive and negative possibilities, or merely the possibility of loss or harm (Asheq & Hossain, 2020). Thus, four distinct categories of pure risks that businesses face are strategic (Gilmore, McAuley, Gallagher, Massiera, & Gamble, 2013; Gazi, Rahaman, Waliullah, Ali & Mamoon, 2021), operational (Wang, 2016; Rahaman et al., 2020), financial (Gurhan, Gunduz, Kemal & Lutfihak, 2011; Sarker & Palit, 2015; Lawrence et al., 2019), and compliance (Danso, Adomako, Damoah & Uddin, 2016; Gazi et al., 2021).

2.1.2 The Concept of Profit Making among Micro, Small and Medium Enterprises

Profit is the fundamental objective of every business (Salavou, 2002). According to Roberts (2018), the gross profit margin, net profit margin, and return on total assets are the most important profitability metrics for micro, small, and medium-sized enterprises. Beginning a business by determining and concentrating on profitability is a proactive move. A company's net profit is the amount of revenue remaining after deducting all costs associated with product production and sale (Shouyu, 2017). A large net profit margin indicates that a business takes the time to evaluate production costs prior to setting prices and exercises effective cost management (Harrison, Jaumandreu, Mairesse, & Peters, 2014).

Profit is a long-term accounting objective that measures not only the success of a product but also the expansion of its market (Kotane, 2015). The profit of a business is determined by comparing its revenue to its associated expenses. According to Aroyeum, Adefulu, and Asikhia (2019), profit is frequently determined by comparing costs to revenue, which plays a role in revenue generation. This suggests that businesses must generate revenue to survive and develop over time in order to remain competitive in the marketplace. Profit and profitability are two distinct concepts, despite their close relationship and mutual interdependence. They went on to say that, despite their similarities, they each play a unique role in business.

But according to Christopoulos and Barratt (2016), profit is irrelevant when comparing the effectiveness of an enterprise. Thus, a high profit margin is not always indicative of strong enterprise efficiency, and a low profit margin is not always indicative of enterprise illness. According to Koisoava, Habanik, Virglerova, and Zoltan (2017), profitability analysis is one of the most effective methods for determining the capital utilization, productivity, and operational efficiency of a business. Profitability also refers to normal profit as a component of (implicit) costs rather than as a component of company profit (Fotopoulos & Louri, 2000). This is known as the opportunity cost, and it refers to the time the owner could have spent running another business. Profitability is used to evaluate the performance of SMBs because it is unlikely that company growth can be sustained if profits cannot be reinvested (SMEDAN, 2017). On this axis, growth can be measured based on net profit margins or return on assets (Heshmati, 2001).

According to Kotane (2016), companies with high performance tend to be financially successful. Voulgaris, Asteriou, and Agiomirgianakis (2000), on the other hand, noted that while profits are an important indicator of success, the relationship between profits and size is only discernible in aggregates of firms or over extended periods of time for individual firms. Thus, among the relative profitability indicators, the most relevant indicators that indicate characteristics associated with economic growth and business performance growth should be selected. There are numerous indicators in an economic performance regression analysis (Ketko & Akimova, 2016). Just like other big manufacturing enterprises, the cost of production (Chennells & Van, 2002; Harrison, Jaumandreu, Mairesse & Peters, 2014; Shouyu, 2017), inflation rate (Marques, 2004; André, Rafael, & André, 2018; Lawrence, Felicia, Felix, Johnson, & Grace, 2019), and company



size (Baumann & Alexander, 2016) are some of the determinants of profitability in micro, small, and medium enterprises.

3.1 Methodology

The study adopted survey research design. The adoption of this research design is in line with the studies of Bryman & Bell (2015), Creswell (2014), John (2014), and Saunders, Lewis, & Thornhill (2013). The population of this study is four hundred and fifty-four thousand (454,000) owners of micro, small, and medium enterprises (MSMEs) that have so far been registered by the Niger State Agency for Micro, Small, and Medium Enterprises. A sample size of four hundred (400) enterprises was drawn using the Taro Yamane formula at a 5% level of significance. A structured questionnaire was used as a method of data collection. The questionnaire takes on a five-point Likert scale with a response style of between Strongly Agree = 5 and Strongly Disagree = 1. **The content** and construct validity of the questionnaire were examined through a pilot test on ten percent (10%) of the sample size (400 x 0.1) or forty (40) questionnaires, while a reliability test was conducted using Cronbach's alpha (α) test. The results showed that the instrument is reliable at 0.867 and 0.877 (87.7%) for risk-taking ability and profitability, respectively. However, Bolarinwa (2015) considers that a questionnaire item is reliable if the result of the value of Cronbach's alpha is higher than 0.70.

4.1 Result and Discussions

A total of four hundred (400) questionnaires were administered, and responses were received from the respondents. Thus, after coding and checking for accuracy, we found that four hundred (400) copies of the questionnaire that were administered were also returned, giving a response rate of 100%. However, the absolute response rate was attributable to the fact that anonymity was assured, as the respondents were not required to disclose traceable identities. Damaged or misplaced questionnaires were replaced by the research assistants, hence the absolute (100%) response rate.

4.1.1. Demographic Information Respondents

The following table is a descriptive analysis of demographic information of the respondents.

Table 4.1: Descriptive Analysis of Demographic Information of the Respondents

S/NO	Variables	Characteristics	Frequency	Percentage%
1.	Gender	Male	194	48.5
		Female	206	51.5
	Total		400	100%
2.	Age	Below 35 years	136	34.0
		35, below 45years	99	24.8
		45 below 55years	78	19.5
		55 years and above	87	22.8
	Total		400	100%
3.	Marital Status	Single	198	49.5
		Married	103	25.8
		Divorce	53	13.3
		Widow	46	11.5



	Total		400	100%
4.	Educational Status	SSCE	190	47.5
		OND/NCE	109	27.3
		HND/B.Sc.	59	14.8
		Master Degree	31	7.8
		Ph.D.	11	2.8
	Total		400	100%
5.	Years in Business	1-5 years	187	46.8
		6-10 years	96	24.0
		11-15 years	63	15.8
		16 years and above	54	13.5
			Total	

Source: Field Survey, 2024

Table 4.1 presents the descriptive analysis of the respondents' demographic information. The results indicate that out of the sample population, there are 194 male entrepreneurs, accounting for 48.5% of the micro, small, and medium enterprise owners in Niger State, while there are 206 female entrepreneurs. This suggests that female entrepreneurs are relatively more dominant in the micro, small, and medium enterprise sectors in Niger State.

In terms of age distribution, a majority of the respondents (136) fall below the age of 35, accounting for 34% of the sample. Ninety-nine respondents (24.8%) are between the ages of 35 and 45, while seventy-eight respondents (19.5%) are between 45 and 55 years old. Additionally, eighty-seven respondents (21.8%) are 55 years old and older. This distribution indicates that a significant portion of micro, small, and medium enterprise owners in Niger State are in their youthful ages and are determined to grow their businesses.

Regarding marital status, 198 respondents (49.5%) are single or have single parents, while 103 respondents (25.8%) are married. Furthermore, there are 53 divorced respondents (13.3%) and 46 widows (11.5%). This data suggests that the majority of micro, small, and medium enterprise owners in Niger State are either single or on the verge of getting married.

In terms of educational background, 190 respondents (47.5%) have senior school certificates, 109 respondents (27.3%) have OND or NCE qualifications, 59 respondents (14.8%) have HND or BSc degrees, 31 respondents (7.8%) hold master's degrees, and 11 respondents (2.8%) hold Ph.D. degrees or professional doctorates. These findings indicate that a significant proportion of micro, small, and medium enterprise owners in Niger State have completed their education at the secondary school level due to financial constraints or other reasons, leading them to pursue self-employment.

Regarding the number of years in business, 187 respondents (46.8%) have been operating their businesses for 1–5 years, 96 respondents (24.0%) have been in business for 6–10 years, 63 respondents (15.8%) have been in business for 11–15 years, and 54 respondents (13.5%) have been in business for 16 years and above.

In summary, the descriptive analysis of the demographic information reveals that female entrepreneurs dominate the micro, small, and medium enterprise sectors in Niger State. The majority of business owners are in their youthful ages, have secondary school education, and have been operating their businesses for relatively shorter periods of time.



4.1.2. Restatement of research question on the correlation between risk-taking and profit making among micro, small and medium enterprises in Niger State.

Research Question: Does risk taking have significant positive correlation with profitability among micro, small, and medium enterprises in Niger State?

Table 4.2: Descriptive Analysis of Risk-Taking

S/ N	Items Measuring Risk-Taking		SA (5)	A (4)	N (3)	D (2)	SD (1)	Mean
1	Significant resources of my enterprise are committed into unknown but potentially profitable ventures.	Freq	62	64	51	100	123	
		Perc	15.5	16.0	12.8	25.0	30.8	2.605
2	Taking calculated risk is one of the core values in this business enterprise.	Freq	67	112	123	73	25	
		Perc	16.8	28.0	30.8	18.3	6.3	3.308
3	In my business enterprise, I do encourage new ideas without fear	Freq	33	75	39	125	128	
		Perc	8.3	18.8	9.8	31.3	32.0	2.400
4	I believe that risk of success and failure are part of our business experiences	Freq	151	125	57	43	24	
		Perc	37.8	31.3	14.2	10.8	6.0	3.840
5	I am sure, individual entrepreneur risk preferences can influence risky decisions	Freq	97	99	120	55	29	
		Perc	24.3	24.8	30.0	13.8	7.2	3.450
Grand Mean								3.1206

Source: Researcher's Field Survey Results, 2024

Table 4.2 presents the descriptive analysis of items measuring risk-taking in micro, small, and medium enterprises. The table provides information about the respondents' agreement or disagreement with various statements related to risk-taking behavior.

According to the table, a significant percentage of respondents expressed agreement with statements regarding risk-taking. For example, 15.5% strongly agreed and 16.0% agreed that their enterprise commits significant resources to unknown but potentially profitable ventures. On the other hand, 25.0% disagreed and 30.8% strongly disagreed with this statement.

Similarly, 16.8% strongly agreed and 28.0% agreed that taking calculated risks is one of the core values of their business enterprise. However, 30.8% were neutral, and 18.3% disagreed with this statement.

Regarding the encouragement of new ideas without fear, 8.3% strongly agreed and 18.8% agreed, while 31.3% disagreed and 32.0% strongly disagreed. Moreover, 37.8% strongly agreed and 31.3% agreed that they believe the risk of success and failure is part of their business experiences, while 6.0% strongly disagreed and 10.8% disagreed.

Lastly, the table indicates that 24.3% strongly agreed and 24.8% agreed that an entrepreneur's risk preference can influence risky decision-making. However, 30.0% were neutral, 7.2% strongly disagreed, and 13.8% disagreed with this statement.

In summary, the table provides an overview of the respondents' attitudes towards risk-taking in their enterprises. It shows a range of opinions, with some respondents strongly agreeing or agreeing with risk-taking statements, while others disagreed or strongly disagreed.



Table 4.3: Descriptive Analysis of Profit Making

S/N	Items Measuring Profitability	SA (5)	A (4)	N (3)	D (2)	SD (1)	Mean
6	Profit in this enterprise is usually high due to the level of calculated risk we often take.	Freq	59	64	51	100	126
		Perc	14.8	16.0	12.8	25.0	31.5
7	Net profit in this enterprise is usually low due to the level of calculated risk we often take.	Freq	67	112	123	73	25
		Perc	16.8	28.0	30.8	18.3	6.3
8	Net profits in this enterprise are as good as the best player in the business	Freq	41	72	34	125	128
		Perc	10.3	18.0	8.5	31.3	32.0
9	Net profits in this enterprise satisfy my expectation.	Freq	151	130	57	38	24
		Perc	37.8	32.5	14.2	9.5	6.0
10	Net profits in this enterprise are high compared to other enterprises in similar market with me.	Freq	92	102	125	52	29
		Perc	23.0	25.5	31.3	13.0	7.2
Grand Mean							3.1242

Source: Researcher’s Field Survey Results, (2023)

Table 4.3 presents the descriptive analysis of items measuring profit-making in the surveyed enterprises. The table provides information about the respondents' agreement or disagreement with statements related to profitability. According to the table, a portion of the respondents strongly agreed (14.8%) and agreed (16.0%) that the profit in their enterprise is usually high due to the level of calculated risk they often take. Conversely, 25.0% disagreed and 31.5% strongly disagreed with this statement.

Similarly, 16.8% strongly agreed and 28.0% agreed that the net profit in their enterprise is usually low due to the level of calculated risk they often take. Additionally, 18.3% disagreed and 6.3% strongly disagreed with this statement.

Regarding the statement that net profit in their enterprise is as good as the best player in the business, 10.3% strongly agreed, 18.0% agreed, and 8.5% were neutral. However, 31.3% disagreed and 32.0% strongly disagreed with the statement.

In relation to the satisfaction of their profit expectations, 37.8% strongly agreed and 32.5% agreed, while 14.2% were neutral, 9.5% disagreed, and 6.0% strongly disagreed.

Regarding the comparison of net profit with other enterprises in similar markets, 23.0% strongly agreed and 25.5% agreed, while 31.3% disagreed and 7.25% strongly disagreed with the statement.

Finally, the table also highlights a comparison between the results of risk-taking (Table 4.11) and profitability (Table 4.12). Both dimensions have grand means above the benchmark mean of 3.0, indicating a positive relationship between risk-taking and profitability. This finding contributes to answering research question three and supports hypothesis three, which suggests a positive relationship between risk-taking and profitability.

4.1.3. Test of Hypothesis

Restatement of null (Ho) hypothesis on the correlation between risk-taking and profit making among micro, small and medium enterprises in Niger State.



Ho: There is no significant positive correlation between entrepreneurial risk-taking and profit making among micro, small, and medium enterprises in Niger State.

Linear regression analysis was used to test this hypothesis. Data on risk-taking and profitability were obtained by combining questionnaire items on risk-taking (1–5) and profit-making (6–10). In the empirical test of hypothesis, the risk-taking variable was regressed on the profit-making variable. The result of the test is presented in the following tables:

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.998 ^a	.996	.996	.2393
Predictors: (Constant), Risk-taking Dependent Variable: Profitability				

Source: SPSS Version 26.0 Output

Table 4.5: ANOVA on the impact of risk-taking on profitability

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5161.447	1	5161.447	90126.062	.000 ^b
	Residual	22.793	398	.057		
	Total	5184.240	399			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Risk-taking

Source: SPSS Version 26.0 Output

Table 4.6: Coefficients on the impact of risk-taking and profitability

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-.046	.054		-.856	.392	-.151	.059
	Risk-taking	1.004	.003	.998	300.210	.000	.997	1.011

a. Dependent Variable: Profitability

Source: SPSS Version 26.0 Output

4.1.4 Discussion

The null (H0) hypothesis in this study aimed to examine whether there is a significant positive correlation between risk-taking and profit-making among micro, small, and medium-sized enterprises (MSMEs) in Niger State. The results of the test, as shown in Table 4.4, provide insights into this relationship.

The R value (correlation coefficient) in Table 4.4 indicates the nature and strength of the correlation between risk-taking and profit-making. In this case, the R value of 0.998a suggests that as the level of risk-taking increases, profit-making among micro, small, and medium enterprises also tend to increase. The coefficient of determination (R^2) of 0.996 indicates that approximately



99.6% of the variations in profit-making can be explained by risk-taking among micro, small, and medium enterprises in Niger State.

Moving to the ANOVA table (Table 4.5), the F statistic demonstrates the overall fit of the regression model. The F statistic at a 95% level of confidence ($p = 0.000 < 0.05$) implies that the model effectively predicts profit-making among micro, small, and medium enterprises in Niger State. Thus, the F value in Table 4.6 is 90126.062, providing strong evidence of a good fit.

The estimated regression coefficient (B-value) obtained from the analysis is 1.004, with a constant of -0.046. The p-value associated with the coefficient is 0.000, indicating statistical significance at the 0.05 level. This means that risk-taking is a significant predictor of profit-making among micro, small, and medium enterprises in Niger State. Additionally, the “T” value of -0.856, which tests the significance of risk-taking, confirms its unique and statistically significant contribution to profit-making among micro, small, and medium enterprises.

The regression equation line extracted from the analysis in the table above is presented as follows:

$$R_t = -.046 + 1.004Prof$$

Where:

R_t = Risk-taking, and

Prof = Profitability

The equation presented above represents the regression line that can be used to predict profit-making at different levels of risk-taking among micro, small, and medium enterprises (MSMEs) in Niger State. The equation indicates a negative linear relationship between risk-taking and profit-making. The p-value of 0.000 confirms the significance of risk-taking for the model. Specifically, the equation suggests that for each additional increase in moderate risk-taking, profit-making decreases by an average of -0.46 Naira. Consequently, it can be concluded that there is a significant positive correlation between risk-taking and profit-making among micro, small, and medium enterprises (MSMEs). This implies that adopting a moderate level of risk-taking can enhance profit-making in these enterprises.

These findings align with a study conducted by Danso, Adomako, Damoah, and Uddin (2016), which identified risk-taking ability as a predictor of profitability. It is logical because moderate risk-taking provides opportunities for higher profits, as suggested by Audretsch (2009). However, Ambad and Wahab (2016) present a partially contrasting view, arguing that certain entrepreneurs may lack the capacity to take risks, rendering the desire for high profits insignificant to them.

Furthermore, Alhakimi and Mahmoud (2020) emphasize that profitability gaps only exist where risks are avoided. However, Asekhome and Mgbemena (2021) bridge the gap between these conflicting findings by demonstrating that while risk-taking promotes corporate entrepreneurship in general, profitability is positively related to corporate entrepreneurial practices. In supporting the forgoing argument, Leal-Rodríguez and Albort-Morant (2016) submit that entrepreneurs who view risk-taking efforts as integral to business are more likely to engage in extra-role behaviours that enhance the chances of greater profit for the firm.

5.1 Summary, Conclusion and Recommendations

In summary, the results supported the rejection of the null hypothesis (H_0) and indicated that there is a significant positive correlation between risk-taking and profitability ($R = 0.998a$, p



< 0.05). That is, risk-taking explained approximately 99.6% of the variations in the level of profitability, and with the regression equation line of $R_t = -.046 + 1.004$ The study also indicated that higher profit-making can be predicted based on the intensity of risk-taking by an entrepreneur. At this juncture, we are 95% confident that moderate risk-taking can offer opportunities for generating higher profits, even though it is evident that some entrepreneurs do not possess the capacity for risk-taking or do not prioritize high-profit objectives.

This study concluded that moderate risk-taking and profit-making are key factors in achieving higher operational performance among micro, small, and medium enterprises. Based on the foregoing finding and conclusion. The study recommends that micro, small, and medium enterprise owners in Niger State should prioritize risk-taking within a moderate range, as doing so can help them achieve higher profits and remain competitive in the long term.

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