Asian Journal of Economics and Empirical Research
Vol. 13, No. 2, 86-94, 2026
ISSN(E) 2409-2622 / ISSN(P) 2518-010X
DOI: 10.20448/ajeer.v13i2.9350

Exploring the nexus between entrepreneurial leadership and organizational resilience of SMEs in South-East, Nigeria

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Abstract

This study focused on entrepreneurial leadership and organizational resilience. The specific objectives of the study were to assess the effect of entrepreneurial cognition on innovation capability, entrepreneurial decision-making on response capability, entrepreneurial mindset on adaptive capacity, and entrepreneurial decision-making on business continuity. The study adopted a survey research design. The interest was the small and medium enterprises (SMEs) in South-East, Nigeria. The target population was owner-managers of 112,508 SMEs. The sample size was 383 respondents. A multi-stage sampling technique was used to achieve the desired sample size. Data were gathered through a structured questionnaire. The study used content validity and ensured reliability using the test-retest method. Data were analyzed using Ordinary Least Squares regression. Findings revealed that entrepreneurial cognition has a significant positive effect on innovation capability, and that entrepreneurial decision-making has a significant positive effect on response capability. Findings further showed that entrepreneurial decision-making has a significant positive effect on business continuity, and that entrepreneurial mindset has a significant positive effect on adaptive capacity. The study concluded that entrepreneurial leadership is a driver of organizational resilience for SMEs. The study recommended that SMEs should strengthen entrepreneurial cognition among managers and employees through continuous training, exposure to problem-solving situations, and knowledge sharing practices, as this will enhance innovation capability and improve the development of new ideas and solutions. It was also recommended that SMEs should improve entrepreneurial decision-making processes by encouraging timely, data-informed, and flexible decision practices, as this will strengthen response capability.

Keywords: Business continuity, Entrepreneurial cognition, Entrepreneurial decision, Innovation capability, Response capability.
JEL Classification: M10; M39.

Citation | Aguka, P. O., Ekweli-Nwezeakor, C. E., Ikpechukwu, B. C., Onyebuchi, J. C., & Obi, U. A. (2026). Exploring the nexus between entrepreneurial leadership and organizational resilience of SMEs in South-East, Nigeria. *Asian Journal of Economics and Empirical Research*, *13*(2), 86–94. 10.20448/ajeer.v13i2.9350
History:
Received: 7 July 2026
Revised: 13 August 2026
Accepted: 28 August 2026
Published: 18 September 2026

Publisher: Asian Online Journal Publishing Group

Funding: This research was not funded by any organization.
Institutional Review Board Statement: This study was approved by the University of Nigeria, Enugu, Nigeria under protocol number [PG/PHD/21/94960]. Informed verbal consent was obtained from all participants and all data were anonymized to protect participants' confidentiality.
Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.
Competing Interests: The authors declare that they have no competing interests.
Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

Contents

Contribution of this paper to the literature

This paper contributes to the literature by proxying entrepreneurial leadership with entrepreneurial cognition, entrepreneurial decision-making and entrepreneurial mindset. The paper establishes the predictability of the proxies on the dimensions of organizational resilience.

1. Introduction

In today's highly competitive and uncertain business environment, small and medium enterprises (SMEs) are expected to respond quickly to changing market conditions, economic uncertainty, and increasing customer expectations. Across the world, SMEs have experienced significant disruptions arising from supply chain interruptions, inflation, digital transformation, and geopolitical conflicts (Benabed, 2023; Munna, 2025). These challenges have highlighted the importance of organizational resilience as a strategic capability that enables businesses to withstand shocks, recover from disruptions, and sustain their operations. Consequently, scholars and business practitioners have increasingly focused on identifying leadership approaches that can strengthen resilience and improve the long-term performance of SMEs (Aityassine et al., 2024; Fiernaningsih, Widayani, Herijanto, Himmah, & Utamaningsih, 2024). Among these approaches, entrepreneurial leadership has gained considerable attention because it equips business leaders with the ability to identify opportunities, make strategic decisions, encourage innovation, and adapt to rapidly changing business environments (Hensellek, Kleine-Stegemann, & Kollmann, 2023; Leitch & Volery, 2017).

In Nigeria, particularly in the South-East region, SMEs continue to face additional challenges such as inflation, exchange rate fluctuations, poor infrastructure, insecurity, limited access to finance, inconsistent government policies, and intense market competition. These challenges have increased the need for organizations to develop resilience that enables them to withstand disruptions, recover from crises, and maintain sustainable performance. As a result, researchers and business practitioners have given increasing attention to identifying leadership approaches that can strengthen organizational resilience and improve the long-term survival of SMEs (Fiernaningsih et al., 2024; Oiku, 2024).

Entrepreneurial leadership has emerged as one of the leadership approaches that encourages opportunity recognition, innovation, strategic decision-making, and adaptability in uncertain business environments. Entrepreneurial leaders motivate employees, encourage creative thinking, and make timely decisions that help organizations respond effectively to challenges and changing market conditions (Bagheri & Harrison, 2020; Leitch & Volery, 2017). Studies have shown that entrepreneurial leadership contributes to organizational performance, innovation, sustainability, and resilience by promoting flexibility and continuous learning (Hensellek et al., 2023; Nor-Aishah, Ahmad, & Thurasamy, 2020). Similarly, organizational resilience has been described through capabilities such as innovation capability, response capability, business continuity, and adaptive capacity, which enable organizations to survive, recover, and grow during periods of uncertainty (Oiku, 2024). Entrepreneurial cognition supports leaders in identifying innovative opportunities and improving innovation capability (Alves & Yang, 2022; Gupta, Jha, Paliwal, & Dogra, 2024). Entrepreneurial decision-making enables leaders to respond effectively to changing business conditions and maintain business continuity during disruptions (Crovini, Santoro, & Ossola, 2021; Fabeil, Pazim, & Langgat, 2020). Likewise, an entrepreneurial mindset encourages flexibility, continuous learning, and adaptation, thereby strengthening the adaptive capacity of SMEs (Naumann, 2017; Pongtanalert & Assarut, 2022).

Despite the growing research on entrepreneurial leadership and organizational resilience, there remains a significant gap regarding how specific dimensions of entrepreneurial leadership influence different dimensions of organizational resilience among SMEs in South-East Nigeria. While previous studies have examined the general relationship between entrepreneurial intent, leadership agility and entrepreneurial resilience (Aityassine et al., 2024; Fiernaningsih et al., 2024), limited attention has been given to the individual effects of entrepreneurial cognition on innovation capability, entrepreneurial decision-making on response capability and business continuity, and entrepreneurial mindset on adaptive capacity within the Nigerian SME context. This study therefore addresses these gaps.

1.1. Objectives of the Study

The specific objectives of the study are to:

i. Assess the effect of entrepreneurial cognition on innovation capability.
ii. Ascertain how entrepreneurial decision-making affects response capability.
iii. Determine how entrepreneurial decision-making affects business continuity.
iv. Assess the effect of entrepreneurial mindset on adaptive capacity.

2. Literature Review

2.1. Theoretical Underpinning

This study is anchored on Upper Echelons Theory and Dynamic Capabilities Theory. Upper Echelons Theory was first developed by Hambrick and Mason (1984). The theory explains that organizational outcomes are strongly influenced by the characteristics, experiences, and values of top managers rather than only external or structural conditions. It assumes that managers make decisions based on how they interpret situations, and these interpretations

are shaped by their cognitive bases, education, age, experience, and personal values. Studies Neely Jr, Lovelace, Cowen, and Hiller (2020); Abatecola and Cristofaro (2020); Liu (2023); and Bassyouny, Abdelfattah, and Tao (2020) confirm that the theory is grounded in bounded rationality, meaning leaders do not always act in fully rational ways. The theory is important for this study because SME owners and managers often make most strategic decisions, meaning their mindset and leadership style directly shape entrepreneurial leadership practices and organizational resilience. Empirical studies have shown that executive traits influence firm performance, risk-taking, and adaptation, which are all key elements of resilience in SMEs (Ofori-Baafi & Opoku, 2025).

Dynamic Capabilities Theory was developed by Teece, Pisano, and Shuen (1997). The theory explains how firms achieve competitive advantage by continuously sensing changes in the environment, seizing opportunities, and transforming internal resources. It assumes that business environments are dynamic and that firms must constantly reconfigure their capabilities to survive and grow. Works by Teece (2023), Pisano (2017), Bleady, Ali, and Ibrahim (2018), Martins (2023) and Al Nuaimi, Singh, and Ahmad (2024) show that dynamic capabilities are essential for innovation, adaptation, and resilience, especially in SMEs facing uncertainty. In relation to this study, the theory explains how entrepreneurial leadership helps SMEs respond to challenges by building adaptive processes and flexible structures. Empirical evidence also shows that dynamic capabilities improve SME performance, digital adaptation, and crisis response, making it highly relevant for explaining organizational resilience (Malik & Terzidis, 2026; Quansah, Hartz, & Salipante, 2022; Wang & Sun, 2025).

2.2. Hypothetical Development

Entrepreneurial cognition refers to how entrepreneurs think, process information, and make sense of business situations. It affects innovation capability because it shapes how new ideas are formed and applied in firms. Studies show that cognitive styles and thinking patterns of entrepreneurs have a direct effect on innovation performance (Gupta et al., 2024). When entrepreneurs have flexible thinking and strong alertness, they are more able to identify new opportunities and support creative actions in the firm. Alves and Yang (2022) explain that cognitive processes help entrepreneurs combine knowledge in new ways, which supports open innovation. Also, Yu, Zhao, and Hou (2023) found that cognitive flexibility improves entrepreneurial creativity through alertness and self-belief. This shows that how entrepreneurs think is important for innovation in SMEs. In addition, entrepreneurial cognition supports decision-making that improves innovation outcomes. Firms with strong cognitive ability respond better to change and develop new products and services. This helps SMEs stay competitive in changing markets (Fiernaningsih et al., 2024; Oiku, 2024). Thus, we formulated the hypothesis that:

H_1: Entrepreneurial cognition has a positive effect on innovation capability.

Entrepreneurial decision-making plays an important role in shaping response capability in SMEs. It refers to how leaders choose actions when facing change, risk, or uncertainty. Studies show that when entrepreneurs make fast and flexible decisions, firms respond better to market changes and disruptions (Brozovic, 2018; Yu et al., 2023). Crovini et al. (2021) explain that integrating risk thinking into decision-making helps SMEs react faster to problems and improve response capacity. De Winnaar and Scholtz (2020) also note that entrepreneurial decision-making improves how firms process information and respond to environmental changes. Rumman (2022) adds that entrepreneurial alertness strengthens business continuity management by improving quick action during disruptions.

In Nigeria, Oiku (2024) shows that SMEs with stronger innovation and decision processes respond better to shocks and improve resilience outcomes. Entrepreneurial decision-making also supports business continuity by helping firms stay active during crises and recover quickly. Fabeil et al. (2020) found that SMEs that made timely decisions were more able to maintain operations and plan recovery. Fiernaningsih et al. (2024) show that leadership and decision quality improve SME performance and continuity. Aityassine et al. (2024) further explain that agile decision-making supports resilience and long-term survival in SMEs. We formulated hypotheses that:

H_2: Entrepreneurial decision-making has a positive effect on response capability.

H_3: Entrepreneurial decision-making has a positive effect on business continuity.

Entrepreneurial mindset plays a key role in shaping adaptive capacity in SMEs. It refers to how entrepreneurs think, act, and respond to change and uncertainty. Naumann (2017) explains that an entrepreneurial mindset supports opportunity recognition, learning, and flexibility in decision-making. Pongtanalert and Assarut (2022) found that entrepreneurs with a strong mindset build better adaptive capacity during crises by using social support and flexible strategies.

Vedy, Vedy, and Rahayu (2025) also show that entrepreneurial orientation improves adaptive capability and helps firms respond to market changes. In addition, Oiku (2024) notes that SMEs with innovative thinking and resilience are more able to adapt to shocks and maintain performance. Fiernaningsih et al. (2024) also show that leadership and entrepreneurial intent improve resilience and adaptation in SMEs. Aityassine et al. (2024) explain that adaptive capacity is stronger when leaders show agility and open thinking. Hence, the hypothesis is that:

H_4: Entrepreneurial mindset has a positive effect on adaptive capacity.

3. Methodology

3.1. Research Design

The study used a survey research design. The survey took periods of six months. An online platform such as SurveyMonkey was utilized to facilitate a high participation rate in the survey. The researchers motivated participation through follow-up emails.

3.2. Population of the Study

The population consisted of the complete enumeration of the subject of interest, which includes 112,508 SMEs. The study focused on SME owners and managers. The population frame is presented in Table 1.

Table 1. Population frame of the study.

State	Population
Abia	26,445
Anambra	20,613
Ebonyi	22,892
Enugu	24,432
Imo	18,126
Total	112,508

Source: Small and Medium Enterprises Development Agency of Nigeria (2023).

3.3. Sample Size and Sampling Technique

To improve the statistical reliability of the research, a particular statistical parametric formula was used for determining an adequate number of samples. The number of samples was determined based on the method introduced by Salant and Dillman (1994). This method brought many advantages such as statistical power, high level of precision and stratification, and proper selection of units of analysis. The formula is shown below.

$$N_s = \frac{N_p\,(p)(1-p)}{(N_p-1)\left(\frac{B}{C}\right)^2+(p)(1-p)}$$

Where;
Ns= Completed sample size.
Np= Sample population.
P= Proportion expected to answer in a certain way (50%).
B= Acceptable level of sampling error (0.05).
C= Statistic associated with the confidence interval (95%).

$$382.8527444244135 = \frac{112{,}508\,(0.5)(1-0.5)}{(112{,}508-1)\left(\frac{0.05}{1.960}\right)^2+(0.5)(1-0.5)}$$

Where: Ns= 382.8527444244135 (Approx. 383); Np= 112,508; P= 50% or 0.5; B= 0.05 or +5%
C= 1.960
Thus, the sample size of the study is 383.

The multi-stage sampling technique was used in the sample selection process to achieve an extensive coverage of the subjects under investigation. Respondents in the selected states in Southeast Nigeria were first classified on the basis of their activity. The second stage involved classifying them on the basis of similarities with regard to the study being undertaken. Finally, the survey was conducted in the selected states where the samples were taken on the basis of the size of the enterprises and their knowledge about the topic. This ensured that the sample was inclusive enough to give an extensive examination of the respondents in the selected states. The sampling procedure adopted helped the study achieve inclusiveness. Bowley's proportionality formula was used for the study. Bowley's proportionality formula is a formula developed by Arthur Lyon Bowley that is used in statistics to find the value of something that is unknown by using some known proportion or ratio. The formula is expressed as:

$$nh = \frac{nNh}{N}$$

Where:
nh = Number of units allocated to each respondent category.
Nh = Number of respondents in each stratum of the population.
n = Sample size.
N = Total population under investigation.

Table 2. Allocation of sample.

State	Population	Sample
Abia	26,445	90
Anambra	20,613	70
Ebonyi	22,892	78
Enugu	24,432	83
Imo	18,126	62
Total	112,508	383

Table 2 shows the proportion of the sample allocated to each state.

3.4. Description of Instrument

The tool used in this study is a structured questionnaire. Its purpose was to collect data from the owners and managers of SMEs within Southeast Nigeria. The questionnaire consisted of two parts. In Part A, demographic and enterprise-related information, like age, educational background and enterprise type, among others, was collected from the respondents. Part B focused on entrepreneurial leadership and organizational resilience, based on items adapted from existing studies. All items in the questionnaire were measured using a 5-point Likert Scale. From strongly disagree to strongly agree, this scale helps respondents state their degree of agreement and makes the data analysis process easier.

3.5. Reliability and Validity

Reliability and validity are important in this study to ensure that the instrument measures what it is expected to measure and gives consistent results. For the reliability of the instrument, the test-retest method was used. In this study, internal consistency was tested using Cronbach's alpha. The result is presented in Table 3. All values were

above 0.70 and were considered acceptable; this means that the instrument is reliable. The study used content validity. Three experts vetted the instrument, reviewing the items carefully to match the research objectives.

Table 3. Instrument's reliability and validity.

S/N	Variables	No. of Items	Cronbach's (α)	Grand (α)
1	Entrepreneurial Cognition	4	0.748	
2	Entrepreneurial Decision-Making	4	0.825	
3	Entrepreneurial Mindset	4	0.814	0.798
4	Innovation Capability	4	0.852	
5	Response Capability	4	0.720	
6	Business Continuity	4	0.843	
7	Adaptive Capacity	4	0.785	

Source: Pre-field (2025).

3.6. Method of Data Analysis

The study analyzed the data gathered using descriptive and inferential statistics. The descriptive statistics were used for analyzing data on personal and business details of respondents. The inferential statistic was used to test the formulated hypotheses. Ordinary Least Squares (OLS) regression was used. A decision was made considering the 0.05 significance level.

3.7. Analyses and Results

The researchers distributed 383 copies of the questionnaire; 296 copies (77.3%) were returned, while 87 copies (22.7%) were not returned. Analysis was based on the returned copies of the questionnaire.

Table 4. Personal and business details of respondents.

Demography	Frequency	Percent
Age		
18 – 23 years	25	8.45
24 – 29 years	96	32.43
30 – 35 years	75	25.34
36 – 41 years	64	21.62
> 41 years	36	12.16
Education Qualification		
OND/Equivalence	105	35.47
HND/B.Sc	89	30.07
MBA/M.Sc	67	22.64
PhD	35	11.82
Business Experience		
< 1 year	52	17.57
1 – 5 years	101	34.12
6 – 11 years	98	33.11
> 11 years	45	15.20
Type of Business		
Small	176	59.46
Medium	120	40.54

Source: Field Survey (2025).

Table 4 shows that most respondents were between 24 and 29 years of age, representing 32.43%, followed by those aged 30–35 years (25.34%), while respondents aged 18–23 years had the lowest proportion (8.45%). This indicates that the majority of SME owners and managers were young adults in their active working years. Regarding educational qualification, most respondents held an OND or its equivalent (35.47%), followed by those with HND/B.Sc. degrees (30.07%). Respondents with MBA/M.Sc. qualifications accounted for 22.64%, while those with PhDs were the least represented (11.82%). In terms of business experience, most respondents had between 1 and 5 years of experience (34.12%), closely followed by those with 6–11 years (33.11%), suggesting that many had gained moderate business experience. The majority of the businesses surveyed were small enterprises (59.46%), while medium-sized enterprises accounted for 40.54%, indicating that small businesses formed the larger proportion of SMEs included in the study.

3.8. Test of Hypotheses

3.8.1. Hypothesis One

H_0: Entrepreneurial cognition has no positive effect on innovation capability.

H_1: Entrepreneurial cognition has a positive effect on innovation capability.

Table 5. Regression results on entrepreneurial cognition and innovation capability.

Variables	Coefficient	Std. Error	t-Statistic	P-value
C	2.538	0.521440	4.868	0.001
ENC	0.856	0.029772	28.750	0.001
R-squared	0.738	Mean dependent var		16.635
Adjusted R-squared	0.737	S.D. dependent var		5.949
S.E. of regression	3.052	Akaike info criterion		5.076
Sum squared resid	2738.783	Schwarz criterion		5.101
Log likelihood	-749.292	Hannan-Quinn criter.		5.086
F-statistic	826.5512	Durbin-Watson stat		1.906
Prob(F-statistic)	0.001			

Note: * = P-value <0.05. C = Constant, ENC= Entrepreneurial Cognition; INC= Innovation Capability.
Source: Field Survey (2025).

Table 5 shows a positive and significant relationship between entrepreneurial cognition and innovation capability ($\beta = 0.856$, $t = 28.750$, p-value < 0.05). This implies that a unit change in entrepreneurial cognition will lead to a corresponding change in the innovation capability of SMEs. The coefficient of determination ($R^2 = 0.738$) indicates that entrepreneurial cognition explains 73.76% of the variation in innovation capability, while the remaining 26.24% is explained by other factors not included in the model. The adjusted R^2 of 0.737 confirms that the model has strong explanatory power. Furthermore, the F-statistic of 826.5512 with a probability value of 0.001 indicates that the regression model is significant and provides a good fit for the data. The Durbin-Watson statistic of 1.906, which is close to 2, suggests that there is no serious problem of autocorrelation in the model. Since the p-value is less than 0.05, the alternative hypothesis is accepted; thus, entrepreneurial cognition has a positive and significant effect on innovation capability among SMEs.

3.8.2. Hypothesis Two

H_0: Entrepreneurial decision-making has no positive effect on response capability.
H_1: Entrepreneurial decision-making has a positive effect on response capability.

3.8.3. Hypothesis Three

H_0: Entrepreneurial decision-making has no positive effect on business continuity.
H_1: Entrepreneurial decision-making has a positive effect on business continuity.

Table 6. Regression results on entrepreneurial decision-making, response capability and business continuity.

EDM	Column I	Column II
	REC	BUS
Coefficient (P-value <0.05)	0.590*	0.716*
R-squared	0.362	0.483
Adjusted R-squared	0.360	0.482
S.E. of regression	3.753	3.545
Sum squared resid	4141.530	3693.831
Log likelihood	-810.498	-793.567
F-statistic	166.625	274.965
Mean dependent var	18.145	17.679
S.D. dependent var	4.690	4.923
Akaike info criterion	5.490	5.375
Schwarz criterion	5.515	5.400
Hannan-Quinn criter.	5.500	5.385
Durbin-Watson stat	1.634	1.975

Note: * = P-value <0.05. EDM= Entrepreneurial Decision-Making, REC= Response Capability, BUC= Business Continuity.
Source: Field Survey (2025).

Table 6 (column I) shows a positive and significant relationship between entrepreneurial decision-making and response capability ($\beta = 0.590$, $t = 12.90834$, p-value < 0.05). This indicates that a unit change in entrepreneurial decision-making will bring about a 0.590-unit change in response capability. That is, better entrepreneurial decision-making improves the ability of SMEs to respond effectively to changes and challenges in their business environment. The coefficient of determination ($R^2 = 0.362$) shows that entrepreneurial decision-making explains 36.17% of the variation in response capability, while the remaining 63.83% is explained by other factors not included in the model. The adjusted R^2 of 0.360 further confirms the explanatory power of the model. The F-statistic of 166.625 with a probability value of 0.001 indicates that the regression model is statistically significant and provides a good fit for the data. The Durbin-Watson statistic of 1.634 suggests that there is no serious problem of autocorrelation. Since the p-value is less than 0.05, the alternative hypothesis is accepted, and we deduce that entrepreneurial decision-making has a significant positive effect on the response capability of SMEs.

Column II shows that entrepreneurial decision-making has a positive and significant relationship with business continuity ($\beta = 0.716$, $t = 16.58208$, p-value < 0.05). This means that a change in entrepreneurial decision-making will result in a 0.716-unit change in business continuity. That is, better entrepreneurial decision-making improves the ability of SMEs to sustain their operations and continue business activities during periods of uncertainty and change. The coefficient of determination ($R^2 = 0.483$) indicates that entrepreneurial decision-making explains 48.33% of the variation in business continuity, while the remaining 51.67% is explained by other factors not included in the model. The adjusted R^2 of 0.482 also shows that the model has good explanatory power. Furthermore, the F-statistic of 274.965 with a probability value of 0.001 indicates that the regression model is statistically significant and fits the data well. The Durbin-Watson statistic of 1.975, which is close to 2, suggests that there is no serious problem of autocorrelation in the model. Since the p-value is less than 0.05, the alternative hypothesis is accepted, and we also deduce that entrepreneurial decision-making has a significant positive effect on the business continuity of SMEs.

3.8.4. Hypothesis Four

H_0: Entrepreneurial mindset has no positive effect on adaptive capacity.
H_1: Entrepreneurial mindset has a positive effect on adaptive capacity.

Table 7. Regression results on entrepreneurial mindset and adaptive capacity.

Variables	Coefficient	Std. Error	t-Statistic	P-value
C	1.151	0.368	3.127	0.002
ENM	0.944	0.020	46.317	0.001
R-squared	0.879	Mean dependent var		17.547
Adjusted R-squared	0.879	S.D. dependent var		5.008
S.E. of regression	1.742	Akaike info criterion		4.954

Variables	Coefficient	Std. Error	t-Statistic	P-value
Sum squared resid	891.817	Schwarz criterion		4.979
Log likelihood	-583.235	Hannan-Quinn criter.		4.964
F-statistic	2145.295	Durbin-Watson stat		1.589
Prob(F-statistic)	0.001			

Note: * = P-value <0.05. C = Constant, ENM = Entrepreneurial Mindset, ADC = Adaptive Capacity.
Source: Field Survey (2025).

Table 7 shows a positive and significant relationship between entrepreneurial mindset and adaptive capacity ($\beta = 0.944$, $t = 46.317$, p-value < 0.05). This implies that a one-unit change in entrepreneurial mindset will lead to a 0.944-unit change in the adaptive capacity of SMEs. That is, an improvement in entrepreneurial mindset leads to a corresponding increase in the ability of SMEs to adapt to changes, challenges, and uncertain business conditions. The coefficient of determination ($R^2 = 0.879$) indicates that entrepreneurial mindset explains 87.95% of the variation in adaptive capacity, while the remaining 12.05% is explained by other factors not included in the model. The adjusted R^2 of 0.879 further confirms that the model has very strong explanatory power. In addition, the F-statistic of 2145.295 with a p-value of 0.001 indicates that the regression model is statistically significant and provides an excellent fit for the data. The Durbin-Watson statistic of 1.589 suggests that there is no serious problem of autocorrelation in the model. Since the p-value is less than 0.05, the alternative hypothesis is accepted, and we also deduce that entrepreneurial mindset has a significant positive effect on the adaptive capacity of SMEs.

4. Discussion of Findings

H_1: Entrepreneurial cognition has a positive effect on innovation capability.

Finding revealed that entrepreneurial cognition has a significant positive effect on innovation capability among SMEs. This implies that entrepreneurs who think creatively, recognise opportunities, and process business information effectively are more likely to develop new products, services, and business processes. The finding agrees with Gupta et al. (2024), who found that entrepreneurial cognitive styles significantly improve innovation performance in organisations. It also supports Alves and Yang (2022), who reported that cognitive processes strengthen innovation by helping entrepreneurs combine knowledge and generate new ideas. Similarly, Yu et al. (2023) found that cognitive flexibility improves entrepreneurial creativity, which is an important driver of innovation. The finding is further supported by Oiku (2024), who showed that innovation strengthens organisational resilience among Nigerian SMEs, and by Fiernaningsih et al. (2024), who found that entrepreneurial competence and leadership improve SME resilience and performance. The finding of this study is outstanding because it provides evidence from SMEs in South-East Nigeria, where studies on entrepreneurial cognition remain limited. It also supports the assumptions of Upper Echelons Theory, which argues that the knowledge and thinking of business leaders shape organisational outcomes, including innovation.

H_2: Entrepreneurial decision-making has a positive effect on response capability.

Findings showed that entrepreneurial decision-making has a significant positive effect on the response capability of SMEs. This implies that entrepreneurs who make timely, informed, and flexible decisions are better able to respond quickly to changes, risks, and unexpected challenges in their business environment. The finding supports the study of Crovini et al. (2021), which found that integrating decision-making into risk management improves the ability of SMEs to respond effectively to uncertainty. It also agrees with Rumman (2022), who reported that strategic agility, supported by entrepreneurial alertness and sound decision-making, strengthens an organisation's ability to respond to disruptions. Similarly, Fiernaningsih et al. (2024) found that entrepreneurial competence and leadership improve resilience and enable SMEs to react effectively to changing business conditions, while Aityassine et al. (2024) showed that leadership agility strengthens entrepreneurial resilience among SMEs. The findings of this study provide empirical evidence from SMEs in South-East Nigeria, where limited studies have examined entrepreneurial decision-making as a driver of response capability. The findings also validate the assumptions of the Dynamic Capabilities Theory, which argues that organisations build resilience by making timely decisions that enable them to sense changes and respond effectively to a dynamic business environment.

H_3: Entrepreneurial decision-making has a positive effect on business continuity.

Findings revealed that entrepreneurial decision-making has a significant positive effect on business continuity among SMEs. This implies that entrepreneurs who make timely, informed, and strategic decisions are more likely to sustain their businesses during periods of uncertainty and change. The finding supports Fabeil et al. (2020), who found that effective entrepreneurial decisions and recovery strategies helped micro-enterprises maintain business operations during the COVID-19 pandemic. It also agrees with Crovini et al. (2021), who reported that integrating risk management into entrepreneurial decision-making strengthens business survival and continuity. Similarly, Rumman (2022) found that strategic agility, supported by entrepreneurial alertness and sound decision-making, improves business continuity management. The finding is also consistent with Fiernaningsih et al. (2024), who reported that entrepreneurial competence and leadership enhance SME resilience and long-term performance. This finding is different from earlier studies because it provides evidence from SMEs in South-East Nigeria and directly links entrepreneurial decision-making with business continuity. The finding also validates the assumptions of the Dynamic Capabilities Theory, which states that timely and effective managerial decisions help firms adjust to change and sustain their operations over time.

H_4: Entrepreneurial mindset has a positive effect on adaptive capacity.

The findings showed that entrepreneurial mindset has a significant positive effect on the adaptive capacity of SMEs. This implies that entrepreneurs who are opportunity-driven, proactive, and willing to learn are better able to adjust their businesses to changing market conditions and unexpected challenges. The finding supports Pongtanalert and Assarut (2022), who found that an entrepreneurial mindset strengthens the adaptive capacity of SMEs during periods of crisis. It also agrees with Naumann (2017), who argued that an entrepreneurial mindset encourages learning, flexibility, and continuous adjustment to environmental changes. Similarly, Vedy et al. (2025) reported that entrepreneurial orientation improves adaptive capability, which in turn enhances business performance. The finding is also consistent with Fiernaningsih et al. (2024), who found that entrepreneurial competence and leadership improve

resilience among SMEs. This finding is different because it provides evidence from SMEs in South-East Nigeria and directly links entrepreneurial mindset with adaptive capacity. It also validates the assumptions of the Dynamic Capabilities Theory, which explains that firms remain resilient by developing the ability to adapt to changing business conditions.

5. Conclusion

The study concludes that entrepreneurial leadership improves the organizational resilience of small and medium enterprises in South-East, Nigeria by strengthening their ability to withstand and recover from business challenges. Specifically, entrepreneurial cognition enhances innovation capability by enabling business owners to identify opportunities, generate creative ideas, and introduce innovative solutions that improve business performance. Furthermore, entrepreneurial decision-making improves response capability by promoting timely and effective decisions that enable firms to respond quickly to changes in the business environment. Entrepreneurial decision-making also enhances business continuity by supporting effective planning, risk management, and sustained business operations during periods of uncertainty. Entrepreneurial mindset improves adaptive capacity by encouraging flexibility, continuous learning, and readiness to embrace change, thereby enabling SMEs to adjust successfully to changing market conditions and achieve long-term sustainability.

6. Recommendations

The study recommended that:

i. Owners and managers of SMEs should strengthen entrepreneurial cognition by investing in continuous learning, market intelligence, and opportunity identification so as to improve innovation capability.
ii. Owners and managers of SMEs should adopt timely entrepreneurial decision-making practices to improve response capability.
iii. Owners and managers of SMEs should integrate entrepreneurial decision-making into strategic planning to strengthen business continuity.
iv. Owners and managers of SMEs should develop an entrepreneurial mindset by promoting flexibility, continuous learning, and openness to change, as this will improve adaptive capacity.

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