

LOCUS OF CONTROL AND VENTURE PERFORMANCE OF SMES IN ASABA DELTA STATE**¹Roland, Ori Akpubi, ²Efefairoro, Zilla Okiemute & Nwanne Beauty Okwechime****¹Department of Business Management, Dennis Osadebay University****²Department of Marketing, Dennis Osadebay University****³Department of Entrepreneurship, Dennis Osadebay University****ABSTRACT**

This study investigated the interplay between locus of control and venture performance of SMEs in Asaba Delta State. The specific objectives were to ascertain the link between internal and external locus of control and venture performance of SMEs. Data was collected through a structured questionnaire. The data was analyzed, and the hypotheses were tested using the Pearson Product Moment Correlation Coefficient (PPMC). The finding revealed a significant association between the variables. The researchers therefore draw the conclusion that locus of control and venture performance have a strong and favourable association. Additionally, the predictor variables and venture performance have a substantial and positive association. Based on the study's findings, the researcher suggests that: SMEs should take locus of control imperative into consideration while seeking to improve venture performance and for optimum performance, SMEs should enhance employees' internal and external locus of control.

Keywords: Locus of Control, Internal Locus of Control, External Locus of Control, Venture Performance

INTRODUCTION

Small and Medium-scale Enterprises (SMEs) are widely recognized as critical drivers of economic growth, employment generation, and innovation, particularly in developing economies (Idenedo et al., 2020). In Asaba, Delta State, SMEs contribute significantly to local economic development; however, many struggle with sustainability and achieving desired levels of performance. Despite government policies, access to finance, and infrastructure improvements, the performance of SMEs in Asaba remains below expectations. This raises questions about the factors influencing their venture outcomes. One critical yet underexplored factor is the role of locus of control; the extent to which individuals believe that outcomes of their actions are within their control (internal locus) or determined by external forces like luck, fate, or external circumstances (external locus) (Cecilia et al., 2015). Entrepreneurs with an internal locus of control are often believed to exhibit higher levels of motivation, resilience, and strategic decision-making, which can enhance venture performance. Conversely, those with an external locus may attribute failures to uncontrollable factors, potentially leading to reduced effort and lower performance outcomes (Abdullahi & Burcin, 2017; Lesi, 2021).

Existing studies on SME performance in Nigeria have largely focused on external factors such as access to finance, government policies, technology adoption (Idenedo et al., 2020) and market conditions, with limited attention given to psychological and behavioural dimensions like locus of control. This gap is particularly critical in Asaba, where unique socio-cultural and economic dynamics could influence entrepreneurial attitudes and behaviours. The problem, therefore, lies in understanding the extent to which locus of control (internal and external) impacts the venture performance of SMEs in Asaba. Addressing this issue is essential to provide evidence-based insights for policymakers, SME operators, and support organizations to develop strategies that enhance entrepreneurial performance and contribute to the region's economic development.

LITERATURE REVIEW**The Concept of Locus of Control**

The idea of locus of control describes how an individual feels accountable for the actions that take place inside of him (Siti & Ashal, 2017). Your overall belief that you have influence over the events that occur in your life is known as your locus of control. Rotter (1990) asserts that our behavior is determined by our level of appreciation for the reinforcement (value) and our expectation of a favorable result. Rotter's theory focuses on the motivations behind people's actions and the behaviors they will exhibit in particular circumstances. The external on the reinforcement internal locus of control is the central idea in Rotter's theory.

Derived from Rotter's social learning theory, the idea is also among the most widely used in psychology. The majority of behavior is learned in social settings and is associated with needs that are primarily met by other people, according to the social learning theory. A person enters a situation with expectations about the likely result of his potential behavior, according to the theory. According to Ahmad et al. (2020), these expectations are assumed to be based on the individual's expectations. Fagbola and Sunday (2015) claim that locus of control is a personality trait that describes a person's understanding of the primary reasons behind life's events.

Locus of control is a personality trait measured in terms of an internal or external focus, and it is one factor that may affect venture performance. It is the individual's beliefs about whether they control the outcomes in their lives (internal locus of control) or whether the outcomes are controlled by factors like luck and other people (external locus of control (Chhabra, 2013)).

Dimensions of Locus of Control

According to Rotter's (1990) LOC Theory, different people respond to workplace hazards with corresponding internal and external loci of control and use various tactics to counteract or lessen the effects of those dangers (Malik et al., 2015). Two types of internal locus of control (LOC) are proposed in the literature, depending on the talents, abilities, and willpower of the employee. However, task demands and other people's activities are examples of external influences (Mulki et al., 2019). What separates the two is that workers with a high internal locus of control will always be responsible for the success or failure of a project based on their skills and determination (Tuckey & Neall, 2014). High external locus of control employees constantly attempt to attribute success or failure on task difficulty or chance (Kluemper et al., 2018). The internal and external loci of control and dimensions are modified for this investigation based on the literature.

Internal Locus of Control

According to Omukhango (2016), people who have an internal locus of control believe that their abilities determine the outcome of their activities, and they can use this confidence to improve their job performance. Omukhango (2016) asserts that locus of control is a significant determinant of job performance, and it is known that people with an internal locus of control can exhibit higher levels of performance, superior job performance, and organisational commitment. Çelik and Sarıçam (2018) conducted a study that found that employees with an internal locus of control have a higher level of job performance compared to those with an external locus of control.

Workers who have an internal locus of control will find it difficult to alter the things that make them perform worse on the job. Employees will typically quit their employment and choose other positions that will make them happier if they are unable to make changes and the circumstances have a detrimental impact on their life. High levels of self-efficacy and self-confidence, as well as the ability to embrace autonomy and decision-making, are characteristics of people with an internal locus of control (Akirmak & Ayla, 2019). They have the chance to develop and perform better at work when they are inspired by work that enables them to make wise decisions.

External Locus of Control

According to Olonade et al. (2020), those who have an external locus of control expect that their control has been outside of themselves, either in the hands of other powerful people or by fate

and/or chance. They believe that fate, luck, or outside influence determines their success. Lack of competence, self-confidence, and motivation can prevent people from taking external control over their lives. It is known that the majority of the hours are spent at work, and employees will discover that the various variables that determine job happiness are crucial. It is all about the difference between reality and hope, but it appears that the issue is much more complicated than it appears.

Many scientists believe that an employee's locus of control will affect their level of job satisfaction. A positive emotional state that results from evaluating one's work, responding to it effectively, and approaching it with a positive attitude is known as job satisfaction. According to Omukhango (2016), those who feel they have no control over their destiny and that their actions have no bearing on how well they perform are said to have an external locus of control.

Venture Performance

The combination of management and analytical procedures known as venture performance enables managers of an organisation to accomplish pre-established objectives. Since it encompasses cross-functional and multidisciplinary elements of the organisation, it is a construct that aids in assessing the health and standing of a company and necessitates a multidimensional scale in its measurement (Didia & Nwokah 2015). As stated by Idenedo and Poi (2020) in Idenedo et al. (2024), performance is the extent to which an organisation achieves its goals and objectives; it is frequently measured in terms of financial, strategic, and organisational outcomes. Sales, profitability, return on capital, turnover rate, and market share gained are indicators of venture performance (Frank & Idenedo, 2023).

As stated by Didia and Nwokah (2015), it may be market-based (market share), finance-based (earnings), or a mix of these. According to Song and Dyer (2000), venture performance is the accomplishment of both financial and operational objectives. Financial performance evaluates whether a company's economic objectives are met. Business financial performance refers to the different subjective indicators of how successfully a business can use its available resources from its main business model to make money while marketing. One concept that aids in assessing an organization's standing in relation to its rivals is performance (Didia & Nwokah, 2015).

Locus of Control and Venture Performance

Job embedding was investigated by DonnyAbdul et al. (2019) as a variable mediator of the impact of internal control locus on job performance. The study models structural equations using information gathered from 130 employees of Indonesian commercial television. The outcome demonstrates that the impact of the internal locus of control on job performance is mediated in large part by job embedding. It indicates that workers who exhibit excellent organisational performance and a high internal control locus are ingrained in their positions.

The impact of organisational commitment and internal and external locus of control (LOC) on employee performance was examined by Amir (2019) with a focus on the transportation network company Careem in Pakistan's service industry. Pearson correlation was used to identify correlation, highlighting the positive or favourable relationship between LOC and organisational commitment on employee performance for those working for Careem Pakistan. The research findings indicate that there is significant relationship between the variables.

Olaronke and Popoola (2015) investigated how managers' decision-making in Nigeria's aviation sector was impacted by locus of control, work motivation, and information utilisation. 1238 managers from five Nigerian aviation parastatals were chosen using a stratified random sample technique, and 945 of them replied. A response rate of 76.3% was attained. According to the study, respondents' decision-making is greatly influenced by their locus of control, motivation at work, and information utilisation.

Perceived locus of control was found to be a predictor of job creation and entrepreneurial development among tertiary institution students by Ngwoke et al. (2013). The purpose of the study was to determine how prepared the students were for this course and how well they developed their entrepreneurial skills. The mean and standard deviation were used to analyse the data that was gathered. A t-test was used to analyse the hypothesis. The results showed that students had the ability to strengthen their entrepreneurial abilities and internal locus of control (LOC). Additionally, the results showed that students' entrepreneurial development was highly predicted by their perceived LOC. It is the duty of educators and parents to help kids develop their independence, creativity, and sense of accountability.

Internal Locus of Control and Venture Performance

In a study by Çelik and Sariçam (2018), the behaviour of a teacher at work was used to test the hypothesis that employees with an internal locus of control had a greater level of venture performance than those with an external locus of control. Workers who have an internal locus of control will find it difficult to alter the elements that contribute to their venture's declining success. High levels of self-efficacy and self-confidence are traits of people with an internal locus of control. The findings of Galvin et al.'s (2018) meta-analysis link internal locus of control to a number of workplace outcomes, such as task performance, organisational commitment, and job satisfaction. The study implies that the concept of maintaining behaviour in employees is crucial when speaking with management.

People with an internal locus of control will feel that they have control over the events and consequences in their lives and that their actions can produce the desired effects. According to Omukhango (2016), people with an internal locus of control think that their ability determines the outcome of their actions. Additionally, they can leverage this confidence to improve their venture performance.

Based on the aforementioned empirical research, the present investigation postulated that
Ho₁: There is no significant relationship between internal locus of control and venture performance of small and medium-scale enterprises in Asaba.

External Locus of Control and Venture Performance

According to Olonade et al. (2020), people who have an external locus of control think that their success is determined by fate, luck, or outside forces. People may be prevented from taking charge of their lives due to a lack of drive, competence, and self-assurance. Many scientists believe that venture success levels will be impacted by external locus of control. Omukhango (2016) asserts that those with an external locus of control are those who think their actions have no bearing on their performance and that they have no control over their destiny. According to Çelik and Sariçam (2018), venture performance with an external locus of control occurs when people either ignore the situation or have patience and hope that an outside force will resolve it. They will also attribute responsibility for the events they experience to other strengths, to those who are stronger, and to factors like luck and belief. Because they don't trust the outcome, people with an external locus of control could find decision-making stressful (Akirmak & Ayla, 2019). The study made the following hypothesis based on the literature:
Ho₂: There is no significant relationship between external locus of control and venture performance of small and medium-scale enterprises in Asaba

Theoretical Foundation

The locus of control is the study's predictor variable, and it is based on the Theory of Planned Behaviour. According to Icek (2002), this idea became a well-known framework for understanding human behaviour. This idea states that three different forms of attention guide behaviour: 1) Perception of behaviour 2) The belief in norms, and 3) The belief in control. Simply put,

behavioural beliefs are beliefs about the risks or outcomes; normative beliefs are beliefs about people's expectations or hopes; and control beliefs are beliefs about the existence of characteristics that cause opportunities or obstacles to engage in the action in question. To put it briefly, when presented with an opportunity, people behave in particular ways. According to the literature, the notion of reasoned acts served as the basis for this theory. Questions about job performance based on individual employee beliefs can be used to assess perceived or planned behavioural theories. Numerous factors that influence behaviour, either internally or externally, have been identified in the literature. Internal factors include motivation, aptitude, and perceived job role, while external factors that influence behaviour include situational factors like time, place, work environment, budget, and team (Armstrong, 2006).

THE STUDY

The research design used in the study was ex post facto. The population of the study comprised of 1632 registered SMEs in Delta State. However, the accessible population comprises thirty-four (34) SMEs. For the study, a census was conducted. For a total of 102 test units, the study polled one (1) sales employee, one (1) marketing manager, and one (1) senior management/owner from each of the thirty-four (34) SMEs. Data for the study was gathered using a standardised questionnaire. Cronbach's alpha was used to conduct the reliability test, and face and content validity were used to validate the study instruments. The output were greater than 0.7 range set by Nunnally (1978) as shown in the table below

Table 1: Result of Reliability Analysis

Variable	Cronbach's Alpha
External	0.844
Internal	0.857
Venture Performance	0.911

Source: (SPSS Output 2025).

The assumptions were tested and the degree of relationship between the various variables under investigation was ascertained using a correlation model, more precisely the Pearson Product Moment Correlation Coefficient (PPMC). SPSS software was used to conduct the complete analysis.

RESULT

Data Presentation

Table 2: Questionnaire Analysis

Numbers	Questionnaire	Percentage (%)
No. Sent out	102	100%
No. Returned	85	83.3%
No. Not Returned	17	16.7%

Source: Field Survey Data 2025

The questionnaire was distributed in 102 copies, of which 85 (83.3%) were retrieved and 17 (16.7%) were not, according to Table 2. 85 (83.3%) of the questionnaires that were recovered, however, were helpful. Seventeen (16.7%) of the questionnaires that could not be recovered were eliminated because they were not filled out accurately or fully. Following the data presentation, this section ascertained the correlation between the study's variables. This study employs Dunn's (2001) classification to assess the degree of the link.

Table 3: Range of Relationship and Descriptive Level of Association of Relationship

Range of r values	Degree of association of r
± 0.80 to 1.00	Very strong
± 0.60 to 0.79	Strong
± 0.40 to 0.59	Moderate
± 0.20 to 0.39	Weak
± 0.00 to 0.21	Very weak

Source: Adopted from Dunn (2001) degree of relationship categorization

The plus sign on the table connote positive relationship while the minus sign means negative relation. The r sign clarify the direction of the relationship that exists between the variables.

Hypotheses Testing

Decision Rule

The null hypotheses should be rejected and conclude a significant relationship if the probability value (PV) < (0.05) Significance level. The null hypotheses should be accepted and conclude an insignificant relationship if the probability value (PV) > (0.05) Significance level.

Hypothesis 1

H₀₁: There is no significant relationship between internal locus of control and venture performance of small and medium scale enterprises in Asaba.

Table 4: Correlation Analysis of Internal Locus of Control and Venture Performance Correlations

		Internal Locus of Control	Venture Performance
Internal Locus of Control	Pearson	1	.697**
	Correlation		
	Sig. (2-tailed)		.000
	N	85	85
Venture Performance	Pearson	.697**	1
	Correlation		
	Sig. (2-tailed)	.000	
	N	85	85

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

Source: (SPSS Output 2025).

According to Table 4, Pearson's correlation (r) = 0. 697** is high, indicating strength, and the correlation coefficient's positive sign denotes a positive link. This suggests that there is a substantial and favourable correlation between the variables. In other words, in the SMEs under study, internal locus of control is linked to improved venture performance. The null hypothesis was rejected because, as previously indicated, the PV is (0.000), and this value is less than the significance level of 0.05. The researchers came to the conclusion that there is a substantial correlation between the internal locus of control and venture performance of small and medium-sized businesses in Asaba.

Hypothesis 2

H₀₂: There is no significant relationship between external locus of control venture performance of small and medium scale enterprises in Asaba.

Table 5: Correlation Analysis of External Locus of Control and Venture Performance Correlations

		External Locus of Control	Venture Performance
External Locus of Control	Pearson Correlation	1	.0. 797**,

	Sig. (2-tailed)		.000
	N	85	85
Venture Performance	Pearson Correlation	0. 797**,	1
	Sig. (2-tailed)	.000	
	N	85	85

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

Source: (SPSS Output 2025).

The Pearson correlation between external locus of control and venture performance, as shown in the above illustration, is 0. 797**. Based on the classification in Table 3, the evaluation is high, suggesting that there is a strong relationship between internal locus of control and venture performance. In other words, the studied SMEs in Asaba's external locus of control is linked to an increase in venture performance. Since the PV is (0.000), as seen above, and this value is less than the significance level of 0.05, the null hypothesis was rejected, and the researchers came to the conclusion that there is a substantial correlation between the external locus of control and the venture performance of small and medium-sized businesses in Asaba.

Discussion of Findings

1. The study's hypothesis was that there is no significant correlation between internal locus of control and venture performance. Nonetheless, the investigated hypothesis demonstrated a robust positive correlation between venture performance and internal locus of control. The results of earlier research on internal locus of control are consistent with this finding. For example, Çelik and Sarıçam (2018) investigated the behaviour of a teacher at work and discovered that employees with an internal locus of control had a greater degree of venture performance than those with an external locus of control. Workers who have an internal locus of control will find it difficult to alter the elements that contribute to their venture's poor performance. People with an internal locus of control are known for having high levels of confidence and self-efficacy. Internal locus of control is linked to a number of workplace outcomes, such as task performance, organisational commitment, and job satisfaction, according to the findings of Galvin et al.'s (2018) meta-analysis. The study implies that the concept of maintaining behaviour in employees is crucial when speaking with management.
2. The study also postulated that there is no substantial correlation between venture performance and external locus of control. Nonetheless, the investigated hypotheses demonstrated a robust positive correlation between venture performance and external locus of control. This outcome is consistent with the reviewed literature. Omukhango (2016) asserts that those with an external locus of control are those who think their actions have no bearing on their performance and that they have no control over their destiny. According to Çelik and Sarıçam (2018), venture performance with an external locus of control occurs when people either ignore the situation or have patience and hope that an outside force will resolve it. They will also attribute responsibility for the events they experience to other strengths, to those who are stronger, and to factors like luck and belief. Because they don't trust the outcome, people with an external locus of control could find decision-making stressful (Akirmak & Ayla, 2019).

CONCLUSION(S) AND RECOMMENDATIONS

The researchers therefore draw the conclusion that locus of control and venture performance have a strong and favourable association based on the study's findings. Additionally, the predictor variables and venture performance have a substantial and positive association. Based on the study's findings, the researcher suggests that: SMEs should take locus of control imperative into consideration while seeking to improve venture performance and for optimum

effectiveness, SMEs should enhance employees' internal and external locus of control.

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