

**OPPORTUNITY RECOGNITION CAPABILITY AND BUSINESS SUCCESS OF START-UP FIRMS IN RIVERS STATE.**

**Dr Iheanyichukwu Godwin Amakor**

[iheanyichukwu.amakor@iaue.edu.ng](mailto:iheanyichukwu.amakor@iaue.edu.ng), 08060987843

Department of Entrepreneurship, Faculty of Administration and Management  
Ignatius Ajuru University of Education,  
Rumuolumeni, P.M.B. 5047, Port Harcourt,  
Rivers State

**Dr Barisi Chioma Daniel**

[barisi.daniel@iaue.edu.ng](mailto:barisi.daniel@iaue.edu.ng), 08033129200

Department of Entrepreneurship, Faculty of Administration and Management,  
Ignatius Ajuru University of Education  
Rumuolumeni, Rivers State, Nigeria.

**Dr. Nkasiobi Otuonye Okocha.**

[nkasiobi.okocha@iaue.edu.ng](mailto:nkasiobi.okocha@iaue.edu.ng), 07037176209

Department of Entrepreneurship, Faculty of Administration and Management Sciences,  
Ignatius Ajuru University of Education,  
Rumuolumeni, Rivers State, Nigeria.

**Abstract**

This study examined the relationship between opportunity recognition capability and business success of start-up firms in Rivers State. Opportunity recognition capability was conceptualised through three dimensions: environmental scanning capability, entrepreneurial alertness, and information processing capability, while business success was measured using profitability, market growth, and business sustainability. The study addressed three research questions and tested three corresponding null hypotheses. A descriptive survey research design was adopted, with a population comprising registered start-up firms operating across key sectors within Rivers State. Using purposive sampling, data were collected via a structured questionnaire administered to 120 founders and managerial staff involved in strategic decision-making. Data analysis was conducted using Pearson's product-moment correlation coefficient with the aid of statistical software. The findings revealed a significant positive relationship between environmental scanning capability and profitability ( $r = .702, p < .01$ ), entrepreneurial alertness and market growth ( $r = .685, p < .01$ ), as well as information processing capability and business sustainability ( $r = .721, p < .01$ ). The study concludes that opportunity recognition capability is a critical determinant of business success among start-up firms. It is recommended that entrepreneurs strengthen their environmental scanning practices by continuously monitoring market trends to enhance profitability, improving entrepreneurial alertness through training and exposure to opportunity identification processes to drive market growth; and developing strong information processing systems to support informed decision-making and ensure long-term business sustainability.

**Keywords:** *Opportunity Recognition Capability, Entrepreneurial Alertness, Business Success, Profitability, Market Growth, Start-Up Firms*

**Introduction**

Opportunity recognition capability has become an important factor in determining the success of start-up firms, especially in developing economies where business environments are uncertain and highly competitive. It refers to the ability of entrepreneurs to identify, analyse, and take advantage of business opportunities in their environment. Recent studies show that start-ups that are able to recognise viable opportunities early are more likely to survive and grow compared to those that fail

to do so (Okafor & Eze, 2023). In Rivers State, many start-up firms operate in unstable markets characterised by changing customer needs, limited access to resources, and intense competition. As a result, the ability to recognise and act on business opportunities plays a key role in determining their level of success. Business success is a major concern for start-up firms because it reflects how well the business is performing and its ability to remain in operation over time. It is commonly measured using indicators such as profitability, sales growth, and business sustainability (Akinwale & Adegbuyi, 2024). Profitability shows whether the business is generating enough income to cover its costs and make returns for the owner. Sales growth reflects the ability of the firm to expand its customer base and increase revenue over time. Business sustainability, on the other hand, focuses on the ability of the firm to survive, remain stable, and continue operating in the long run. For start-ups in Rivers State, achieving these outcomes is often difficult due to environmental challenges and limited managerial experience.

Environmental scanning capability is one of the key dimensions of opportunity recognition capability. It refers to the ability of entrepreneurs to gather and monitor information about their business environment, including customers, competitors, and market trends. Entrepreneurs who actively scan their environment are more likely to identify changes and discover new business opportunities (Olawale & Garwe, 2023). In a place like Rivers State, where markets change quickly and information is not always readily available, environmental scanning helps start-up owners to stay informed and make better business decisions. This can lead to improved sales and better overall performance.

Entrepreneurial alertness is another important dimension of opportunity recognition capability. It refers to the ability of entrepreneurs to notice opportunities that others may not easily see. Entrepreneurs who are alert are sensitive to changes in the market and are quick to identify gaps that can be turned into profitable ventures (Tang & Murphy, 2024). This ability is very important for start-ups because they often operate with limited resources and must rely on creativity and quick thinking to succeed. In Rivers State, entrepreneurs who are highly alert are more likely to identify emerging customer needs and respond to them before their competitors, which can improve their chances of success. Opportunity evaluation capability also plays a significant role in opportunity recognition. It involves the ability of entrepreneurs to assess the value and feasibility of identified opportunities before taking action. Not all opportunities are worth pursuing, and poor evaluation can lead to business failure. Entrepreneurs who carefully analyse risks, costs, and potential returns are more likely to make sound business decisions (Nwankwo & Kanu, 2025). For start-up firms in Rivers State, where resources are limited, proper evaluation of opportunities helps to avoid waste and focus on profitable ventures. This contributes to better profitability and long-term sustainability. Despite the importance of opportunity recognition capability, many start-up firms in Rivers State continue to face challenges such as low profitability, slow sales growth, and high failure rates. Some entrepreneurs struggle to identify viable opportunities, while others fail to properly evaluate the opportunities they identify. In some cases, business owners rely on guesswork rather than systematic analysis of the environment, which leads to poor decision-making. While previous studies have examined entrepreneurship and business performance, there is still limited attention on how opportunity recognition capability specifically influences the success of start-up firms in Rivers State. Given the increasing number of start-ups and the challenges they face, it is important to examine how opportunity recognition capability affects business success. Understanding how environmental scanning capability, entrepreneurial alertness, and opportunity evaluation capability influence profitability, sales growth, and business sustainability will provide useful insights for entrepreneurs, managers, and policymakers. It is against this background that this study examines opportunity recognition capability and business success of start-up firms in Rivers State.

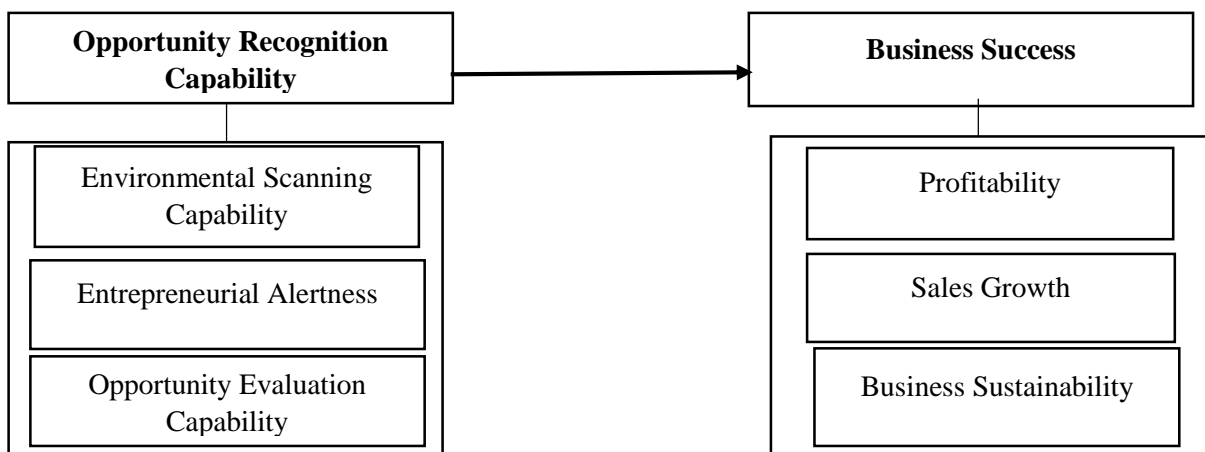
### **Statement of the Problem**

Achieving business success remains a major challenge for many start-up firms in Rivers State. A large number of these businesses experience low profitability, unstable sales, and difficulty in

sustaining their operations over time. Many start-ups fail within a few years of operation due to poor decision-making, inability to attract customers, and weak understanding of the business environment. These challenges have made it difficult for start-up firms to grow and contribute meaningfully to economic development in the state. In response to these challenges, some entrepreneurs have made efforts to improve their businesses by introducing new products, adopting modern business practices, and seeking financial support. Others have tried to expand their customer base through marketing and networking. However, despite these efforts, many start-ups still struggle to achieve consistent growth and long-term sustainability. This suggests that the problem may not only be related to finance or external factors but also to the internal capabilities of the entrepreneurs themselves.

One important capability that may influence business success is opportunity recognition capability. Entrepreneurs who can effectively scan their environment, remain alert to emerging opportunities, and properly evaluate business ideas are more likely to succeed. These abilities can help start-up owners to make better decisions, reduce risks, and focus on profitable opportunities. Although some studies (e.g. Okafor & Eze, 2023; Akinwale & Adegbuyi, 2024; Nwankwo & Kanu, 2025) have highlighted the importance of opportunity recognition in business success, there is still limited empirical evidence on how this capability affects start-up firms in Rivers State. Given the persistent challenges facing start-up firms and the need to improve their performance, it is necessary to examine the role of opportunity recognition capability in achieving business success. This study, therefore, seeks to investigate how environmental scanning capability, entrepreneurial alertness, and opportunity evaluation capability influence profitability, sales growth, and business sustainability of start-up firms in Rivers State.

**Conceptual Framework**



**Figure. 1.1:** A Conceptual framework showing the relationship opportunity recognition capability and business success of start-up firms in Rivers State, Nigeria

**Source:** Adapted from Ardichvili et al., (2021); George et al., (2022); Shepherd and Patzelt (2022); Neneh (2023).

**Aim and Objectives of the Study**

The aim of the study was to examine the relationship between opportunity recognition capability and business success of start-up firms in Rivers State, Nigeria. The specific objectives were to:

1. investigate the relationship between Environmental Scanning Capability and profitability of start-up firms in Rivers State;
2. examine the relationship between Entrepreneurial Alertness and sales growth of start-up firms in Rivers State;

3. determine the relationship between Opportunity Evaluation Capability and business sustainability of start-up firms in Rivers State.

### Research Questions

The following research questions were raised to guide the study:

1. What is the relationship between Environmental Scanning Capability and profitability of start-up firms in Rivers State?
2. How does Entrepreneurial Alertness relate to sales growth of start-up firms in Rivers State?
3. What is the relationship between Opportunity Evaluation Capability and business sustainability of start-up firms in Rivers State?

### Research Hypotheses

The following hypotheses were formulated to guide the study:

H<sub>01</sub>: There is no significant relationship between Environmental Scanning Capability and profitability of start-up firms in Rivers State.

H<sub>02</sub>: There is no significant relationship between Entrepreneurial Alertness and sales growth of start-up firms in Rivers State.

H<sub>03</sub>: There is no significant relationship between Opportunity Evaluation Capability and business sustainability of start-up firms in Rivers State.

### Conceptual Review

#### Opportunity Recognition Capability

Opportunity recognition capability refers to the ability of an entrepreneur to identify, understand, and make use of business opportunities in the environment. It involves noticing gaps in the market, identifying unmet customer needs, and turning such ideas into viable business activities. According to Scott Shane and S. Venkataraman, opportunity recognition is a central part of entrepreneurship because it explains how new business ideas emerge and why some individuals are able to act on them while others are not. Scholars have further explained that opportunity recognition depends on how entrepreneurs access information and connect different ideas to form business concepts (Ardichvili, Cardozo & Ray, 2003; Baron, 2006). Recent studies show that opportunity recognition capability is influenced by knowledge, experience, and interaction with the business environment (George et al., 2022; Nambisan et al., 2023). It also involves the ability to interpret signals from the market and take action at the right time. Entrepreneurs who possess this capability are more likely to discover profitable opportunities and avoid unproductive ventures. This is especially important for start-up firms that operate with limited resources and face high levels of uncertainty. In a place like Rivers State, where markets are constantly changing, the ability to recognise opportunities helps entrepreneurs adjust quickly and respond to competition effectively (Davidsson, Recker & von Briel, 2020). The Dimensions of Opportunity Recognition Capability were discussed further.

**Environmental Scanning Capability:** The ability of entrepreneurs to gather and monitor information about their business environment. This includes information about customers, competitors, industry trends, and government policies. Entrepreneurs who actively scan their environment are better informed and more prepared to identify changes that may lead to new business opportunities. According to Henry Mintzberg, organisations that pay attention to their external environment are more likely to respond effectively to changes. This capability is important because business environments are dynamic and uncertain. Customer preferences change, new competitors enter the market, and economic conditions fluctuate. Entrepreneurs who monitor these changes can identify opportunities early and make better decisions. Environmental scanning can be done through observation, customer interaction, market research, and the use of digital platforms. Studies have shown that firms that engage in active environmental scanning are more innovative

and better positioned to exploit opportunities (Baregheh et al., 2023; Oyebanji & Lema, 2022). For start-up firms, this capability reduces uncertainty and improves the chances of success.

**Entrepreneurial Alertness:** Entrepreneurial alertness refers to the ability of an entrepreneur to notice business opportunities that others may not easily see. It involves being sensitive to changes in the environment and quickly recognising patterns that indicate potential opportunities. The concept was strongly developed by Israel Kirzner, who explained that alert individuals are able to discover opportunities without deliberate search. Entrepreneurial alertness is important for start-up firms because it allows them to identify and act on opportunities ahead of competitors. Entrepreneurs who are alert can detect unmet needs, emerging trends, and hidden market gaps. This capability is influenced by prior knowledge, experience, and social networks. Studies show that individuals with diverse knowledge and strong networks are more likely to exhibit high levels of alertness (Tang, Kacmar & Busenitz, 2012; Valliere, 2013). Recent research also suggests that alert entrepreneurs are better at recognising changes in digital and informal markets, which are common in developing economies (Obschonka et al., 2023). This ability helps start-ups to remain competitive and responsive.

**Opportunity Evaluation Capability:** Opportunity evaluation capability refers to the ability of entrepreneurs to assess the value and feasibility of identified opportunities before taking action. Not all opportunities are worth pursuing, so entrepreneurs must carefully examine risks, costs, and expected benefits. This capability involves determining whether an opportunity is realistic, profitable, and suitable for available resources. According to Jeffrey Timmons, successful entrepreneurs are those who can effectively evaluate and select viable opportunities. This capability is important because poor evaluation can lead to business failure. Entrepreneurs need to consider factors such as market demand, level of competition, financial requirements, and expected returns. Opportunity evaluation also involves comparing different alternatives and choosing the most promising one. Studies indicate that entrepreneurs who apply structured evaluation processes are more likely to achieve better business outcomes (Foss & Klein, 2023; Wood & McKinley, 2010). In start-up firms, where resources are limited, careful evaluation helps to reduce risk and improve decision-making. It also increases the likelihood of achieving profitability and long-term sustainability.

### **Concept of Business Success**

Business success refers to how well a firm achieves its goals and maintains its operations over time. For start-up firms, success is not only about making profit but also about growth and survival in a competitive environment. It reflects the ability of the business to use its resources effectively, satisfy customers, and remain stable despite challenges. According to Richard Rumelt, business success is closely linked to how well firms build and use their capabilities to gain advantage. Scholars have explained that business success can be measured using both financial and non-financial indicators (Venkatraman & Ramanujam, 1986; Murphy, Trailer & Hill, 1996). Recent studies also emphasise that for small and start-up firms, simple and practical measures such as profit, growth, and survival are more suitable (Delmar, Davidsson & Gartner, 2003; Rauch et al., 2009). In developing economies, where businesses face high uncertainty, success is often determined by the ability to adapt and remain in operation (Shepherd, 2020). In the context of start-up firms in Rivers State, business success is important because many new businesses struggle to survive beyond the early stages. Factors such as poor planning, limited resources, and unstable markets often affect their performance. As a result, measuring success through profitability, sales growth, and business sustainability provides a clear understanding of how well these firms are doing (Akinwale & Adegbuyi, 2024; Nwankwo & Kanu, 2025). The Measures of Business Success were also discussed

**Profitability:** Profitability refers to the ability of a business to generate income that exceeds its costs. It shows whether a firm is financially healthy and capable of rewarding its owner or investors.

Profitability is one of the most common indicators of business success because it reflects the financial outcome of business activities. According to Michael Porter, firms that achieve higher profitability are often those that create and sustain competitive advantage. Profitability can be measured using indicators such as net profit, return on investment, and profit margin. These measures help to determine how efficiently a business is managing its resources and controlling its costs. Studies have shown that profitable firms are more likely to survive and expand over time (Goddard, Tavakoli & Wilson, 2005; Yazdanfar, 2013). For start-up firms, profitability is very important because it determines their ability to continue operating. Many new businesses fail because they are unable to generate enough income to cover their expenses. Entrepreneurs who focus on profitable opportunities and manage their costs effectively are more likely to achieve success. In Rivers State, where business conditions can be unstable, maintaining profitability helps start-ups to remain competitive and sustainable (Akinwale & Adegbuyi, 2024).

**Sales Growth:** Sales growth refers to the increase in the amount of goods or services sold by a business over a period of time. It reflects the ability of a firm to attract new customers and expand its market. Sales growth is an important indicator of business success because it shows that the business is growing and gaining acceptance in the market. According to Philip Kotler, firms that experience consistent sales growth are better positioned to compete and survive in the long run. Sales growth can be measured through increases in revenue, number of customers, or volume of sales. It indicates that the business is responding well to market demand and customer needs. Research has shown that firms with higher sales growth are more likely to achieve long-term success and expansion (Delmar et al., 2003; Coad, 2018). For start-up firms, sales growth is especially important because it provides the revenue needed to support business operations. It also helps businesses to build market presence and strengthen their position against competitors. In Rivers State, where many start-ups operate in competitive markets, consistent sales growth is a sign that the business is moving in the right direction and has the potential to succeed.

**Business Sustainability:** Business sustainability refers to the ability of a firm to continue operating successfully over a long period of time. It focuses on the survival, stability, and long-term viability of the business. Sustainability is an important measure of success because many start-ups fail within a short period due to poor planning, lack of resources, or inability to adapt to changes. According to John Elkington, sustainable businesses are those that can maintain their operations while adapting to economic and environmental challenges. Business sustainability involves maintaining steady performance, managing risks, and adapting to changes in the environment. It also includes building strong customer relationships and ensuring efficient use of resources. Studies have shown that firms that focus on sustainability are more resilient and better able to survive in uncertain environments (Shepherd, 2020; Bansal & DesJardine, 2014). For start-up firms in Rivers State, sustainability is very important because of the high rate of business failure. Entrepreneurs who are able to manage their resources effectively, respond to market changes, and maintain consistent performance are more likely to keep their businesses running. Business sustainability therefore provides a long-term view of success beyond immediate profits or short-term growth.

### Theoretical Review

This study is anchored on the Entrepreneurial Alertness Theory developed by Israel Kirzner in 1973. The Entrepreneurial Alertness Theory explains how entrepreneurs identify and utilise business opportunities in the market. The theory states that opportunities already exist in the environment, but not all individuals can recognise them. Kirzner (1973) explained that some individuals possess a special ability known as *alertness*, which enables them to notice gaps, inefficiencies, and unmet needs in the market. Such individuals are able to act on these opportunities and create value from them. The theory further posits that markets are not perfectly efficient and that information is not evenly distributed among individuals. As a result, opportunities remain unnoticed by many people.

However, alert entrepreneurs are able to detect these opportunities and respond accordingly. Kirzner (1997) maintained that entrepreneurship does not always depend on creating new resources, but on recognising and exploiting existing opportunities in the environment. This makes opportunity recognition an important element of entrepreneurial success, especially for start-up firms operating under uncertainty.

### **Assumptions of the Theory**

The theory is based on the following assumptions:

1. It assumes that opportunities exist in the market due to inefficiencies and imperfect information.
2. It assumes that individuals differ in their ability to recognise opportunities.
3. It assumes that entrepreneurs are more alert to environmental changes than non-entrepreneurs.
4. It assumes that information is not evenly distributed among individuals.
5. It assumes that the market environment is dynamic and constantly changing.
6. It assumes that entrepreneurs discover rather than create opportunities.

### **Relevance of the Theory to the Study**

The theory is relevant to this study in the following ways:

1. It explains opportunity recognition capability, which forms the focus of the study.
2. It supports entrepreneurial alertness as a key dimension of opportunity recognition capability.
3. It explains why some start-up firms perform better than others based on their ability to identify opportunities.
4. It supports environmental scanning capability, as entrepreneurs rely on environmental information to become alert.
5. It provides support for opportunity evaluation capability, since identified opportunities are assessed before exploitation.
6. It establishes a link between opportunity recognition capability and business success indicators such as profitability, sales growth, and business sustainability.

### **Empirical Review**

In a study conducted by Nwankwo and Eze (2024), titled Opportunity Recognition and Performance of Small Businesses in Nigeria, the researchers examined how opportunity recognition influences the performance of small and emerging firms. The objective of the study was to determine the extent to which environmental scanning, opportunity alertness, and opportunity evaluation affect profitability and sales growth of small businesses. The study adopted a quantitative research design and used a survey method. The population of the study consisted of 410 small business owners operating in South-East Nigeria, from which a sample size of 200 respondents was selected using simple random sampling technique. Data were collected using structured questionnaires and analysed using multiple regression analysis. The findings revealed that environmental scanning capability had a significant positive relationship with profitability, as businesses that actively monitored their environment were more likely to identify profitable opportunities. The study also found that entrepreneurial alertness significantly influenced sales growth, as alert entrepreneurs were quicker to identify market gaps and respond to customer needs. In addition, opportunity evaluation capability was found to positively affect business sustainability, as careful assessment of opportunities reduced the likelihood of business failure. The study concluded that opportunity recognition capability plays a key role in improving small business performance. It recommended that entrepreneurs should strengthen their ability to scan the environment, remain alert to opportunities, and properly evaluate business ideas before implementation.

Similarly, Ojo, Adebayo, and Salisu (2025) conducted a study titled Entrepreneurial Capability and Business Sustainability in Emerging Markets. The study aimed to examine the influence of opportunity recognition capability on the sustainability and growth of start-up firms. Specifically, the study investigated how environmental scanning, entrepreneurial alertness, and opportunity evaluation affect profitability, sales growth, and long-term survival of new businesses. The study adopted a cross-sectional survey research design. The population comprised 360 start-up owners operating in Lagos and Rivers States, from which a sample of 180 respondents was selected using stratified random sampling. Data were collected through structured questionnaires and analysed using correlation and regression techniques. The results showed that environmental scanning capability had a significant positive effect on sales growth, as entrepreneurs who regularly monitored market trends were better able to attract customers. The study also found that entrepreneurial alertness significantly influenced profitability, as alert entrepreneurs were able to identify and exploit profitable opportunities earlier than competitors. Furthermore, opportunity evaluation capability was found to have a strong positive relationship with business sustainability, as proper assessment of opportunities reduced risk and improved long-term survival. The study concluded that opportunity recognition capability is a critical determinant of business success in emerging markets. It recommended that start-up owners should develop stronger environmental awareness, improve their alertness to opportunities, and adopt systematic evaluation practices to enhance business performance.

**Methodology**

The study adopted a descriptive survey research design to examine the relationship between opportunity recognition capability and business success of start-up firms in Rivers State, Nigeria. This design was considered appropriate because it allowed the researcher to obtain and analyse data on the variables as they exist without manipulation. The population of the study consisted of 69 registered start-up firms operating in Rivers State. The study adopted a census approach, meaning that all the firms were included in the study. Purposive sampling technique was used to select the respondents within each firm because only individuals directly involved in business operations and decision-making were considered suitable to provide relevant information. However, two respondents were selected from each firm, consisting of the owner/manager and one key staff member involved in business operations. This resulted in a total of 138 respondents. Data were collected using a structured questionnaire designed to measure Environmental Scanning Capability, Entrepreneurial Alertness, Opportunity Evaluation Capability, Profitability, Sales Growth, and Business Sustainability. The instrument was validated through expert review by lecturers in Entrepreneurship and Business Management to ensure content relevance, clarity, and adequacy. The reliability of the instrument was tested using Cronbach’s Alpha coefficient through a pilot study conducted with 12 respondents outside the study population. The results showed reliability values ranging from 0.79 to 0.84, indicating good internal consistency of the instrument. Data collected were analysed using the Pearson Product Moment Correlation Coefficient (PPMCC) with the aid of SPSS version 25. All hypotheses were tested at a 0.05 level of significance to determine the strength and direction of the relationships between the study variables.

**Results and Discussion**

**Ho<sub>1</sub>:** There is no significant relationship between Environmental Scanning Capability and Profitability of start-up firms in Rivers State.

**Table 4.2: Bivariate Analysis Between Environmental Scanning Capability and Profitability**

<b>Environmental Scanning Capability Profitability</b>	
Environmental Scanning Capability	1.000
	.702**
	.000

	Environmental Scanning Capability	Profitability
	105	105
Profitability	.702**	1.000
	.000	.
	105	105

There is a strong positive correlation ( $r = .702^{**}$ ) between Environmental Scanning Capability and Profitability, significant at the 0.01 level. The null hypothesis is rejected, showing that start-up firms that actively scan their environment tend to achieve higher profitability.

**H0<sub>2</sub>:** There is no significant relationship between Entrepreneurial Alertness and Sales Growth of start-up firms in Rivers State.

**Table 4.3: Bivariate Analysis Between Entrepreneurial Alertness and Sales Growth**

	Entrepreneurial Alertness	Sales Growth
Entrepreneurial Alertness	1.000	.681**
	.	.000
	105	105
Sales Growth	.681**	1.000
	.000	.
	105	105

A strong positive correlation ( $r = .681^{**}$ ) exists between Entrepreneurial Alertness and Sales Growth, significant at the 0.01 level. The null hypothesis is rejected, indicating that higher entrepreneurial alertness leads to increased sales growth among start-up firms.

**H0<sub>3</sub>:** There is no significant relationship between Opportunity Evaluation Capability and Business Sustainability of start-up firms in Rivers State.

**Table 4.4: Bivariate Analysis Between Opportunity Evaluation Capability and Business Sustainability**

	Opportunity Capability	Evaluation	Business Sustainability
Opportunity Capability	1.000		.664**
	.		.000
	105		105
Business Sustainability	.664**		1.000
	.000		.
	105		105

A strong positive correlation ( $r = .664^{**}$ ) is observed between Opportunity Evaluation Capability and Business Sustainability, significant at the 0.01 level. The null hypothesis is rejected, showing that proper evaluation of opportunities enhances the sustainability of start-up firms.

**Relationship Between Environmental Scanning Capability and Profitability**

The finding shows a strong positive relationship between Environmental Scanning Capability and Profitability ( $r = .702^{**}$ ). This indicates that start-up firms in Rivers State that consistently monitor market conditions, customer needs, and competitor activities are more likely to achieve higher profitability. This result suggests that access to timely environmental information improves decision-making and reduces business uncertainty. The finding supports opportunity recognition theory,

which explains that awareness of environmental changes enhances business performance (Shane & Venkataraman, 2000; Nwankwo & Eze, 2024).

### **Relationship Between Entrepreneurial Alertness and Sales Growth**

The result reveals a strong positive relationship between Entrepreneurial Alertness and Sales Growth ( $r = .681^{**}$ ). This implies that entrepreneurs who are quick to notice changes in the market and identify unmet needs are more likely to experience higher sales growth. It suggests that alert entrepreneurs are better positioned to respond to customer demands and competitive changes. This finding aligns with Kirzner's theory of alertness, which explains that opportunity recognition improves performance through early identification and action (Kirzner, 1973; Tang et al., 2012).

### **Relationship Between Opportunity Evaluation Capability and Business Sustainability**

A strong positive relationship is found between Opportunity Evaluation Capability and Business Sustainability ( $r = .664^{**}$ ). This indicates that start-up firms that carefully assess business opportunities before implementation are more likely to survive and remain stable over time. It suggests that proper evaluation helps reduce risky decisions and improves long-term survival. This finding supports earlier studies that show that structured opportunity evaluation contributes to business sustainability and reduces failure rates among start-ups (Foss & Klein, 2023; Ojo et al., 2025).

### **Conclusion**

The study examined the relationship between opportunity recognition capability and business success of start-up firms in Rivers State. The findings revealed that Environmental Scanning Capability, Entrepreneurial Alertness, and Opportunity Evaluation Capability all have significant positive relationships with profitability, sales growth, and business sustainability respectively. This implies that start-up firms that actively scan their environment, remain alert to opportunities, and properly evaluate business ideas are more likely to achieve higher levels of business success. The study therefore concludes that opportunity recognition capability is a key determinant of business success among start-up firms in Rivers State.

### **Recommendations**

1. Start-up firms in Rivers State should strengthen their Environmental Scanning Capability by regularly gathering and analysing market information such as customer needs, competitor activities, and industry trends, so as to improve profitability and make better business decisions.
2. Entrepreneurs in Rivers State should enhance their Entrepreneurial Alertness by being more attentive to changes in the business environment, identifying unmet customer needs quickly, and acting on emerging opportunities in order to improve sales growth.
3. Start-up firms should improve their Opportunity Evaluation Capability by carefully assessing the feasibility, risks, and potential returns of business opportunities before implementation, so as to enhance business sustainability and reduce the rate of business failure.

### **REFERENCES**

- Akinwale, A. A., & Adegbuyi, O. A. (2024). Business success determinants among small enterprises in emerging economies. *African Journal of Business Management*, 18(2), 45–59.
- Ardichvili, A., Cardozo, R., & Ray, S. (2021). A theory of entrepreneurial opportunity identification and development. *Journal of Business Venturing Insights*, 15, e00228.
- Bansal, P., & DesJardine, M. R. (2014). Business sustainability: It is about time. *Strategic Organization*, 12(1), 70–78.

- Baregheh, A., Rowley, J., & Sambrook, S. (2023). Innovation and environmental scanning in dynamic markets. *Technovation*, 122, 102563.
- Coad, A. (2018). Firm growth: A survey. *Journal of Economic Surveys*, 32(1), 39–74.
- Davidsson, P., Recker, J., & von Briel, F. (2020). External enablers and opportunity recognition. *Academy of Management Annals*, 14(1), 1–45.
- Delmar, F., Davidsson, P., & Gartner, W. B. (2003). Arriving at the high-growth firm. *Journal of Business Venturing*, 18(2), 189–216.
- Foss, N. J., & Klein, P. G. (2023). Entrepreneurial opportunity and the theory of the firm. *Journal of Management Studies*, 60(4), 789–812.
- George, G., Merrill, R. K., & Schillebeeckx, S. J. (2022). Digital sustainability and entrepreneurship. *Entrepreneurship Theory and Practice*, 46(3), 563–590.
- Kirzner, I. M. (1973). *Competition and entrepreneurship*. University of Chicago Press.
- Kirzner, I. M. (1997). Entrepreneurial discovery and the competitive market process. *Journal of Economic Literature*, 35(1), 60–85.
- Mintzberg, H. (1979). *The structuring of organizations*. Prentice-Hall.
- Nambisan, S., Siegel, D., & Kenney, M. (2023). Digital innovation and entrepreneurial opportunity. *Research Policy*, 52(2), 104707.
- Nwankwo, F., & Eze, C. (2024). Opportunity recognition and performance of small businesses in Nigeria. *Journal of Entrepreneurship Studies*, 12(1), 88–104.
- Ojo, T., Adebayo, S., & Salisu, M. (2025). Entrepreneurial capability and business sustainability in emerging markets. *African Development Review*, 37(1), 112–129.
- Olawale, F., & Garwe, D. (2023). Environmental scanning and SME performance in developing economies. *Small Enterprise Research*, 30(2), 155–170.
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance. *Entrepreneurship Theory and Practice*, 33(3), 761–787.
- Rumelt, R. P. (2011). *Good strategy/bad strategy*. Crown Business.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217–226.
- Shepherd, D. A. (2020). COVID-19 and entrepreneurship: Time to pivot? *Journal of Management*, 46(8), 1215–1222.
- Tang, J., Kacmar, K. M., & Busenitz, L. (2012). Entrepreneurial alertness in opportunity recognition. *Journal of Business Venturing*, 27(1), 77–94.

- Timmons, J. A. (1999). *New venture creation: Entrepreneurship for the 21st century*. Irwin/McGraw-Hill.
- Valliere, D. (2013). Entrepreneurial alertness and opportunity discovery. *Journal of Business Venturing, 28*(3), 344–358.
- Venkatraman, N., & Ramanujam, V. (1986). Measurement of business performance. *Academy of Management Review, 11*(4), 801–814.
- Wood, M. S., & McKinley, W. (2010). Opportunity evaluation and decision making. *Academy of Management Review, 35*(2), 241–255.
- Yazdanfar, D. (2013). Profitability determinants in small firms. *International Journal of Managerial Finance, 9*(2), 150–161.