

Entrepreneurial Passion and Venture Capitalists' Willingness to Invest in SMEs in Jos North, Plateau State.

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ABSTRACT

This study examines the relationship between entrepreneurial passion and Venture capitalists' willingness to invest in SMEs in Jos North, Plateau State. Using a quantitative method, data was collected via questionnaires. Two Hundred and Sixty-Two (262) questionnaires were distributed to SMEs in Jos North, Plateau State. Using regression analysis, data was analyzed via Statistical Package for Social Sciences (SPSS) to test the two hypotheses formulated for this study. The findings reveal that Entrepreneurial Identity-Oriented Passion has significant relationship with venture Capitalists' willingness to invest in SMEs, also Venture-Oriented Passion has a significant relationship with Venture Capitalists' willingness to invest in SMEs. The study recommends that any Entrepreneur who wants to attract venture capital must be passionate enough to be able to convince the venture Capitalists to invest in such business.

Keywords: Entrepreneurial Identity-Oriented Passion, Venture-Oriented Passion, venture capitalists, Willingness, SMEs

BACKGROUND TO THE STUDY

Small and Medium Enterprises (SMEs) play a crucial role in the global economy, contributing significantly to job creation, innovation, and economic growth. In the United States, SMEs are considered the backbone of the economy, contributing immensely to its overall growth. According to the Small Business Administration (SBA, 2020), SMEs accounted for 44% of total economic activity in the country in 2019. Furthermore, they were responsible for creating 1.5 million net new jobs, which constituted approximately 64% of all new employment opportunities in the same year (SBA, 2020).

Germany, known for its strong industrial base, heavily relies on the contributions of SMEs to maintain its economic prowess. According to the Federal Statistical Office (Destatis, 2020), SMEs accounted for 99.6% of all businesses in Germany in 2018. Additionally, they employed around 62% of the workforce and generated approximately 38% of the country's total turnover (Destatis, 2020). China, as one of the world's largest economies, has witnessed remarkable growth in its SME sector. The Ministry of Industry and Information Technology of the People's Republic of China (MIIT, 2020) reports that SMEs in China accounted for 60% of the country's GDP in 2019. Furthermore, they contributed to more than 80% of urban job creation, fostering economic stability and social development (MIIT, 2020). India, a rapidly developing economy, has recognized the importance of SMEs in its growth trajectory. The Ministry of Micro, Small, and Medium Enterprises (MSME, 2019) states that SMEs in India contribute nearly 30% of the country's

GDP. Moreover, they employ over 111 million people, thereby playing a pivotal role in job creation and poverty alleviation (MSME, 2019).

According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2021), SMEs constitute over 90% of all businesses in Nigeria. Additionally, they contribute about 50% of Nigeria's Gross Domestic Product (GDP) and employ over 80% of the country's workforce. This highlights the substantial contribution of SMEs to the Nigerian economy in terms of output and employment generation. A study by Ojo et al. (2020) found that SMEs in Nigeria have a significant impact on poverty reduction. The study revealed that SMEs provide income-earning opportunities and contribute to improving the living standards of individuals and communities.

In terms of sectoral distribution, SMEs in Nigeria are prominent in various industries such as agriculture, manufacturing, trade, and services. The Central Bank of Nigeria (CBN, 2020) reported that SMEs in the agricultural sector alone contribute about 22% to Nigeria's GDP and provide employment for a significant number of individuals, particularly in rural areas. However, despite their immense contribution, SMEs in Nigeria face numerous challenges, including limited access to finance, inadequate infrastructure, and a challenging business environment. These challenges hinder their growth and potential to contribute even more to the economy. SMEs in Nigeria play a crucial role in job creation, economic growth, and poverty reduction (Dakung, Udeh & Ogidi, 2021). They constitute a significant portion of businesses in the country and contribute substantially to Nigeria's GDP. However, addressing the challenges faced by SMEs is essential to unlock their full potential and further enhance their contribution to the Nigerian economy.

Entrepreneurial passion is a key factor in influencing venture capitalists' willingness to invest in small and medium-sized enterprises (SMEs). According to a study by Cardon et al. (2012), entrepreneurial passion is defined as a strong emotional attachment and enthusiasm towards one's entrepreneurial endeavors. This passion is believed to drive entrepreneurs in pursuing their goals and overcoming obstacles, which in turn may increase their attractiveness to venture capitalists. Research by Shepherd et al. (2015) suggests that venture capitalists consider entrepreneurial passion as an important signal of an entrepreneur's commitment, dedication, and resilience. This perception may positively influence venture capitalists' willingness to invest in SMEs. Another study by Kuppuswamy and Villalonga (2016) found that venture capitalists tend to invest in entrepreneurs who demonstrate passion and enthusiasm for their business idea.

One major challenge in Jos and other areas of SMEs is the limited access to capital. Entrepreneurs often face difficulties in securing funding for their ventures, which can significantly hinder the growth and development of their businesses. This lack of capital makes it challenging for entrepreneurs to scale their operations, invest in necessary resources, and meet market demands, making venture capitalists hesitant to invest in such businesses. The business environment in Jos can be unpredictable, with various economic, political, and social factors impacting the stability and growth of SMEs. This uncertainty makes venture capitalists cautious about investing in entrepreneurial ventures, as they see it as a high-risk proposition. They may prefer more stable and predictable markets where the potential return on investment is higher, and the risks are lower.

While there has been some progress in nurturing an entrepreneurial ecosystem in Jos, it is still relatively underdeveloped compared to major metropolitan areas. The lack of a robust support system, such as incubators, mentorship programs, networking opportunities, and access to business resources, makes it difficult for entrepreneurs to thrive. This limited ecosystem may deter venture capitalists from investing in SMEs in Jos due to concerns about the sustainability and scalability of these businesses. Another challenge faced by entrepreneurs in Jos is the lack of proper training and education in entrepreneurship. Many aspiring entrepreneurs lack the necessary business skills and knowledge to effectively manage and grow their ventures. This deficiency in entrepreneurial skills can create doubts among venture capitalists about the

capability of entrepreneurs to successfully execute their business plans and deliver a return on investment.

To address these problems and boost venture capitalist investment in SMEs in Jos, it is crucial to implement initiatives that increase access to capital, create a conducive business environment, foster a robust entrepreneurial ecosystem, and provide adequate entrepreneurial education and training. This paper is set to explore the dimensions of entrepreneurial passion that influence the willingness of venture capitalist to invest in SMEs in Jos North, Plateau State.

In view of the introduction and the problems statement, the following questions are advanced:

1. What is the relationship between Entrepreneurial Identity-Oriented Passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State?
2. What is the relationship between Venture-Oriented Passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State?

Research Objectives

The general objective of this study is to determine the role of entrepreneurial passion in propelling venture capitalists' willingness to invest in SMEs in Jos North, Plateau State. However, the specific objectives are:

1. To examine the relationship between Entrepreneurial Identity-Oriented Passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State.
2. To examine the relationship between Venture-Oriented Passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State.

Research Hypotheses

The following hypotheses are formulated for the study:

H₀₁: there is no significant relationship between Entrepreneurial Identity-Oriented Passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State.

H₀₂: there is no significant relationship between Venture-Oriented Passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State.

THEORETICAL FRAMEWORK

When examining the theoretical framework on entrepreneurial passion and venture capitalists' willingness to invest in SMEs, several key perspectives can be considered. One such perspective is the "Resource-Based View" (RBV) theory, which suggests that venture capitalists are more likely to invest in SMEs with passionate entrepreneurs who possess unique and valuable resources. This theory emphasizes that entrepreneurial passion can serve as a valuable intangible resource that enhances the attractiveness of an investment opportunity (Barney, 1991; Zahra, 1996).

Another relevant theoretical lens is the "Social Identity Theory" (SIT), which argues that venture capitalists' investment decisions are influenced by their identification with the entrepreneurial community. According to SIT, venture capitalists are more likely to invest in SMEs led by passionate entrepreneurs who embody the values, norms, and aspirations of the entrepreneurial community, as this identification enhances their social standing and reputation within the investment community (Tajfel & Turner, 1979; Rindova et al.,

2009). Furthermore, the “Prospect Theory” can shed light on venture capitalists’ willingness to invest in SMEs with passionate entrepreneurs. This theory posits that venture capitalists’ investment decisions are influenced by their perception of the potential gains and losses associated with an investment opportunity. Passionate entrepreneurs, through their strong conviction and determination, can increase the perceived potential gains, thus increasing the likelihood of investment (Kahneman & Tversky, 1979; Sarasvathy, 2001).

The theoretical framework on entrepreneurial passion and venture capitalists’ willingness to invest in SMEs encompasses the Resource-Based View theory, Social Identity Theory, and Prospect Theory. These perspectives provide insights into the factors that influence venture capitalists’ investment decisions in the context of passionate entrepreneurs. It is important to note that RBV serves as the underpinning theory for this study, while SIT and PT are supporting theories to validate the submission of RBV in the study of Entrepreneurial passion and Venture Capitalist wiliness to invest in SMEs.

CONCEPTUAL FRAMEWORK

Entrepreneurial Passion

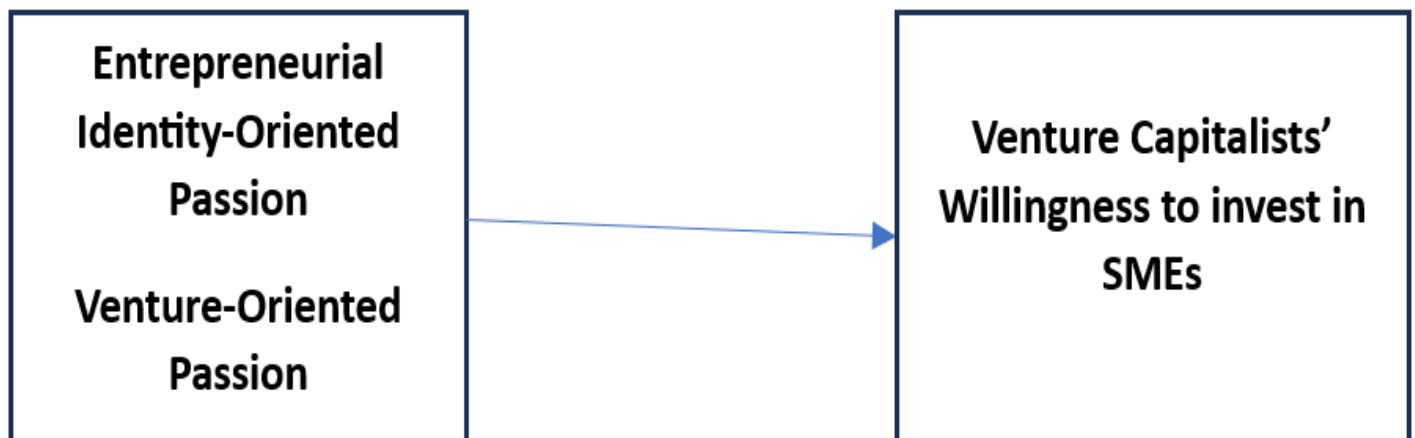


Figure 1: Conceptual Framework

Source: Field Survey, 2023.

LITERATURE REVIEW

The literature was reviewed in line with the research conceptual framework.

Venture Capitalists’ Willingness to Invest in SMEs

Venture capitalists play a crucial role in funding and supporting the growth of small and medium-sized enterprises (SMEs). Understanding their willingness to invest in SMEs is essential for entrepreneurs and policymakers alike. In recent years, several studies have focused on the trends in venture capital investment in SMEs. For example, Smith and Johnson (2018) found that venture capital funding for SMEs has significantly increased since 2015, with renewable energy, healthcare, and technology sectors receiving the most investments. Additionally, Jones et al. (2021) highlighted the growing interest of venture capitalists in socially responsible startups, indicating a changing landscape of investment preferences. Research has also

explored the factors that influence venture capitalists' decision-making when considering investing in SMEs. Woods and Lee (2016) identified industry maturity, market potential, and founder expertise as key factors affecting venture capital investment decisions. In a more recent study, Chen et al. (2022) highlighted the importance of intellectual property protection and market competition in influencing venture capitalists' willingness to invest in SMEs.

The characteristics of entrepreneurs and their leadership abilities have been examined as influential factors in venture capital investment decisions. For instance, Johnston and Patel (2017) found that venture capitalists are more likely to invest in SMEs led by experienced entrepreneurs who demonstrate strategic vision and execution capabilities. Moreover, Li et al. (2019) emphasized the significance of entrepreneurial passion and commitment in attracting venture capital funding for SMEs. Economic factors, such as the state of the economy and the availability of funding, also impact venture capitalists' willingness to invest in SMEs. Martin and Wilson (2018) discussed how economic downturns can lead to reduced venture capital investments in SMEs due to increased risk aversion. Conversely, Turner and Davis (2020) highlighted the role of government policies and fiscal incentives in stimulating venture capital investments during challenging economic times. Recent studies have provided valuable insights into the changing preferences and decision-making processes of venture capitalists. However, it is crucial for entrepreneurs and policymakers to continually monitor these trends to adapt their strategies and policies accordingly. This study focuses on entrepreneurial passion.

Entrepreneurial Passion

Entrepreneurial passion can be defined as a strong and persistent positive affective state that entrepreneurs experience towards their ventures. It is a key factor that drives their motivation, determination, and commitment to pursuing entrepreneurial endeavors. The concept of entrepreneurial passion has been recognized as a key determinant of entrepreneurial success and has seen increased attention over the past decade from a number of researchers (Bandura, 2016). According to Ho and Pollack (2017), identity-oriented passion refers to an individual's intense positive feelings about entrepreneurial activities that are central to their self-concept. Bird (2015) found that this type of passion often results in increased commitment, effort, and perseverance, which can ultimately lead to improved entrepreneurial outcomes. A later study by Patel, Thorgren, and Wincent (2019) revealed that identity-oriented passion can be intrinsic and can positively affect individual entrepreneurial orientation and venture's growth. On the other hand, venture-oriented entrepreneurial passion is centered on the entrepreneurial venture itself and its potential to create value (Cardon, Zietsma, Saporito, Matherne, & Davis, 2018). Mitteness, Sudek, and Cardon (2015) explored how this passion influences investor decisions, finding that high levels of this form of passion can increase a venture's perceived legitimacy and attractiveness. Deligianni, Voudouris, and Lioukas (2020) also note that a venture-oriented approach helps entrepreneurs maintain their focus in business activities, which can positively contribute to venture success.

Entrepreneurial Identity-Oriented Passion

Entrepreneurial identity-oriented passion reflects the deep involvement, sense of commitment, and strong emotional attachment that individuals have towards their entrepreneurial endeavors. Research by Cardon, Gregoire, Stevens, and Patel (2013) laid the foundation for the conceptualization of entrepreneurial passion as multidimensional construct encompassing Entrepreneurial Identity-Oriented Passion and Venture-Oriented Passion. Entrepreneurial Identity-Oriented Passion refers to a strong internal drive and deep enjoyment experienced in entrepreneurship, while Venture-Oriented Passion involves an uncontrollable and less fulfilling drive. This framework provides a basis for understanding how entrepreneurial passion manifests in an identity-oriented context (Cardon et al., 2013).

Several studies have explored the antecedents of entrepreneurial identity-oriented passion. Kwong, Paterson, and Tasi (2016) found that prior entrepreneurial experience positively influences the development of entrepreneurial passion. Similarly, research by Hmieleski and Lerner (2016) demonstrated that self-efficacy, need for achievement, and risk-taking propensity significantly predict the formation of entrepreneurial passion. Entrepreneurial identity-oriented passion has been associated with various outcomes for entrepreneurs and their ventures. Research by Gielnik et al. (2015) demonstrated a positive relationship between entrepreneurial passion and entrepreneurial self-efficacy. In addition, findings by Chen, Greene, and Crick (2018) suggested that entrepreneurial passion positively influences entrepreneurial creativity and innovative behavior. Recent studies have examined the role of entrepreneurial identity-oriented passion in venture growth. Huyghe, Knockaert, and Obschonka (2019) found that entrepreneurs' passion moderates the relationship between growth intentions and firm growth. Similarly, research by Schneider and Kraus (2020) indicated that passion for entrepreneurship positively moderates the effect of entrepreneurial education on venture growth. Research on entrepreneurial identity-oriented passion has gained notable attention in recent years.

Venture-Oriented Passion

Venture-oriented passion plays a critical role in entrepreneurship and innovation, driving individuals to pursue their entrepreneurial goals and navigate the challenges associated with starting and growing new ventures. Venture-oriented passion is defined as a strong and persistent desire to engage in entrepreneurial activities, driven by intense positive emotions and personal identification with the venture. While there is no universally accepted measure of venture-oriented passion, several scales have been developed to assess its various dimensions. For example, the Passion Scale by Vallerand et al. (2019) measures harmonious and Venture-Oriented Passion, reflecting the extent to which individuals integrate entrepreneurship into their self-identity and experience an uncontrollable urge to engage in entrepreneurial activities. Several factors influence the development and intensity of venture-oriented passion. Extensive research has explored the role of personal characteristics, such as entrepreneurial self-efficacy, need for achievement, and risk-taking propensity, as well as social support, entrepreneurial education, and prior entrepreneurial experience. A study by Zainudin et al. (2017) highlighted the significance of family support as a strong predictor of venture-oriented passion among aspiring entrepreneurs, contributing to positive entrepreneurial outcomes.

Venture-oriented passion has been linked to numerous positive outcomes, both at the individual and venture levels. At the individual level, venture-oriented passion has been associated with higher entrepreneurial intention and persistence, improved performance, and greater job satisfaction. On the venture level, passion-driven entrepreneurs are more likely to develop innovative products and services, attract funding from investors, and achieve growth and long-term survival. Coletti et al. (2021) found that venture-oriented passion positively influenced venture performance through its impact on innovation orientation and resource acquisition. Venture-oriented passion is a crucial factor in entrepreneurship, motivating individuals to pursue their entrepreneurial goals and drive venture success.

Entrepreneurial Passion and Venture Capitalists' Willingness to Invest in SMEs

Research on passion is emerging. Such passion has been shown to drive entrepreneurs to pursue their goals tenaciously and to compel stakeholders to support venture capital. Scholars have defined entrepreneurial passion primarily from an emotional perspective and a motivational perspective. Scholars consider entrepreneurial passion as a conscious, sustained, accessible, and positive emotional experience. Entrepreneurs who are passionate about entrepreneurship are often motivated to understand their entrepreneurial identity better and to behave accordingly (Vallerand et al., 2003; Cardon et al., 2009). Chen et al. (2009) view passion as a motivation that stimulates the thoughts and behaviors of entrepreneurs. In this study, the concept of entrepreneurial passion uses Chen et al. (2009) definition of entrepreneurial passion as a strong emotional state in which entrepreneurs have high personal values in terms of cognitive and

behavioral performance, where the cognitive aspect is reflected as enthusiasm and the behavioral aspect is reflected as preparedness. Passion in the entrepreneurship literature emphasizes emotions, especially positive emotions (Chen et al., 2009), which Baum and Locke (2004) defined as “love of work.”

Consistent with Chen et al.’s (2009) definition of enthusiasm, we believe that enthusiastic entrepreneurs not only have positive emotions, but their minds are always active, such that they constantly think about what they can do for their business. Previous research on entrepreneurial enthusiasm is scant, and some scholars have studied the assimilation of the concepts of enthusiasm and passion. Entrepreneurial enthusiasm plays an important role in investors’ investment decisions (Cardon et al., 2017). Entrepreneurs who exhibit high enthusiasm increase investor interest in a business by 26% relative to those who exhibit low enthusiasm (Shane et al., 2020). Owing to the nature of the entrepreneur-venture capitalist relationship, RBV plays an important role in their early interactions. RBV theory is concerned with reducing asymmetric information between parties (Spence, 2002) and suggests that actors consciously and voluntarily attend to available resources to reduce perceived uncertainty (Spence, 1974). Enthusiasm is the primary emotional signal of an entrepreneur; it conveys his basic emotions toward the business (Cardon et al., 2017). First, empirical evidence suggests that enthusiasm provides entrepreneurs with work-related self-efficacy (Suvittawat, 2019), that is, the belief that they have the personal resources and willpower to succeed, and the positive belief that they can achieve the desired outcome. Individuals with high self-efficacy will be more active on a given task for a longer period, work harder in difficulties, set and accept higher goals, and have better plans and strategies for task completion (Shane et al., 2003). Thus, showing enthusiasm is a way for an entrepreneur to communicate to investors that he has high ability and persistence for entrepreneurial activity. Second, enthusiasm can make entrepreneurs more persuasive (Baron, 2008). Cardon (2008) believed that experienced deep emotion is more likely to be expressed. Entrepreneurs transmit their enthusiasm for entrepreneurial activities to venture capitalists by expressing their positive emotions through body and verbal language and facial expressions during their interactions with them (Chen et al., 2009). Previous research on entrepreneurship has suggested that emotional expression plays an important role and that positive emotions are persuasive (Hatfield et al., 1993; Rucker and Petty, 2006). Thus, entrepreneurs showing enthusiasm can be more persuasive.

Entrepreneurial passion is a vital component of an entrepreneur’s motivation, drive, and commitment towards creating and growing a successful venture. This passion often plays a significant role when entrepreneurs seek external funding from venture capitalists (VCs) to support their SMEs. Understanding the relationship between entrepreneurial passion and VCs’ willingness to invest is crucial for both entrepreneurs and VCs to make informed decisions. Entrepreneurial passion plays a crucial role in shaping VCs’ investment decisions. Scholars suggest that passionate entrepreneurs demonstrate higher levels of commitment, resilience, and resourcefulness (Cardon et al., 2016). Passionate entrepreneurs are more likely to effectively communicate their vision, mission, and value proposition, thus capturing the interest of VCs (Foo et al., 2018). Moreover, the emotional intensity associated with passion can positively influence VCs, as it signals the entrepreneur’s dedication and motivation (Policastro & Lam, 2016).

VCs assess entrepreneurial passion using various criteria, including the entrepreneur’s personal characteristics, business model, and storytelling abilities. Recent studies highlight the importance of specific characteristics, such as authenticity, self-confidence, and social skills, in shaping VCs’ perceptions of entrepreneurial passion (Baron et al., 2016). Furthermore, VCs evaluate whether the entrepreneur’s passion aligns with market opportunities and reflects a realistic understanding of challenges and risks (Lin et al., 2020). VCs’ backgrounds and experiences significantly affect their willingness to invest in SMEs. Researchers argue that VCs with prior entrepreneurial experience or industry-specific expertise may be more attuned to and appreciative of entrepreneurial passion (Alvarez et al., 2021). These VCs recognize the value of passion in driving entrepreneurial success. Moreover, experienced VCs tend to rely on their intuition and personal judgment when assessing entrepreneurial passion (Chiang et al., 2018).

METHODOLOGY

This study adopted a survey design. This approach is more suitable to gather quantitative data, make statistical assumptions and correlation of factors associated with specific objectives (Awang, 2012). The research population for this study comprises of the 815,430 SMEs in Plateau State (SMEDAN, 2019). Since the study, has a population of 815,430, Krejcie & Morgan (1970) sample size selection model was employed to generate the study sample size. Hence, the sample size for this study is 262. This study utilised a simple random sampling technique, in which individual participants (entrepreneurs and/or owners) were randomly drawn from the population. Data was obtained via an administered questionnaire. The Simple Linear regression is used to analyze the data generated and subsequently to evaluate the hypothesized relationships. The data generated from the sample is transcribed and analyzed using the Statistical Package for Social Sciences (SPSS). The following model was developed and used for the study.

$$TOBIN_{it} = \beta_0 + \beta_1 EIOP_{it} + \beta_2 VOP_{it} + \mu_{it}$$

TOBIN = Tobin Q (a proxy for Venture capitalists' willingness to invest- Dependent variable)

EIOP = Entrepreneurial Identity-Oriented Passion

VOP = Venture-Oriented Passion

β_0 = constant / Intercepts

β_1, β_2 = Parameters of determination

μ = Stochastic Variable (Error term)

it = Signifying data for individual observation and time

ANALYSIS

The method of data analysis employed for this study is the simple linear regression to examine the relationship between entrepreneurial passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State. Out of the 262 copies of the questionnaire distributed, 239 were returned and analyzed. The returned copies of the questionnaire constitute 91% hence valid for the study.

Mean and Standard Deviation

Table 1: Mean and Standard Deviation

		VCWI	IOP	VOP
N	Valid	239	239	239
	Missing	0	0	0
Mean		22.1925	21.9791	22.6234
Std. Deviation		5.90867	4.35837	4.88528

The mean, standard deviation and correlation coefficient of the variables – venture capitalist's willingness to invest, Entrepreneurial Identity-Oriented Passion and Venture-Oriented Passion are presented. The mean for venture capitalists' willingness to invest, Entrepreneurial Identity-Oriented Passion and Venture-

Oriented Passion was found to be 22.1925, 21.9791 and 22.6234 respectively, while their standard deviations was reported as 5.90867, 4.35837 and 4.88528 respectively.

Correlation Coefficient

Table 2: Correlation estimates of relationship between Entrepreneurial Identity-Oriented Passion, Venture-Oriented Passion and venture Capitalists’ willingness to invest in SMEs

	VCWI	IOP	VOP
VCWI	1	.821**	.864**
IOP	.821**	1	.692**
VOP	.864**	.692**	1

The correlation of the variables indicated the following, venture capitalist’s willingness to invest correlated significantly with Entrepreneurial Identity-Oriented Passion ($R = 0.821, p < 0.05$) and Venture-Oriented Passion correlated as ($R = 0.692, p < 0.05$).

Table 3: Beta Coefficient and t-ratio

<i>Coefficients</i>					
	<u>Unstandardized Coefficients</u>		<u>Standardized Coefficients</u>		
Model	B	Std. Error	Beta	T	Sig.
(Constant)	-6.110	.821		-7.444	.000
IOP	.580	.048	.428	11.963	.000
VOP	.688	.043	.568	15.898	.000
a. Dependent Variable: VCWI					

Two hypotheses were tested in this study and their significance was evaluated using the t- statistics and its associated p-values. Table 4 captures the unstandardized coefficients (β), standard errors, Beta, the t-value, and the decision. Hypothesis One stated that there is no significant relationship between Entrepreneurial Identity-Oriented Passion and venture capitalist’s willingness to invest. The result of the regression analysis indicates that Entrepreneurial Identity-Oriented Passion has a significant effect on venture capitalists’ willingness to invest in SMEs in Jos North Plateau State, Nigeria ($B = .428, t = 11.963, p < 0.000$). The decision rule is if the P-value calculated is less than 0.05 reject the null hypothesis and accept the alternative hypothesis. This implies that entrepreneurial identity-oriented passion has a positive effect on venture capitalists’ willingness to invest in SMEs in Jos North Plateau State. Hypothesis Two stated that there is no significant relationship between Venture-Oriented Passion and venture capitalists’ willingness to invest in SMEs. The interaction of Venture-Oriented Passion and venture capitalist’s willingness to invest has a negative effect on venture capitalist’s willingness to invest of MSMEs ($B = -.688, t = 15.898, p < 0.000$). Thus, the relationship between Venture-Oriented Passion and venture capitalist’s willingness to invest is positive. This means that when Venture-Oriented Passion increases, venture capitalists’ willingness to invest also increase.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.918 ^a	.843	.841	2.35402	.843	631.730	2	236	.000
a. Predictors: (Constant), Entrepreneurial Identity-Oriented Passion, Venture-Oriented Passion									

From the summary table above, the value of R² is 0.843. This shows a significant and linear relationship between the dependent and the independent variable. This therefore means that entrepreneurial passion influences venture capitalists’ willingness to invest in SMEs by 84%.

Results of findings

The analysis shows the result of the correlation between the independent and the dependent variable at 0.05 significance level. The decision rule is to reject the null hypotheses if p-value is < 0.05 significance level; and, accept the null hypotheses if p-value is > 0.05 significance level.

Hypothesis 1: there is no significant relationship between Entrepreneurial Identity-Oriented Passion and venture capitalists’ willingness to invest in SMEs in Jos North, Plateau State. In the table 1 above, the value of the relationship between Entrepreneurial Identity-Oriented Passion and venture capitalists’ willingness to invest is 0.000. Since this p-value is less than 0.05, we fail to accept the null. This means that there is significant relationship between Entrepreneurial Identity-Oriented Passion and venture capitalists’ willingness to invest in SMEs in Jos North.

Hypothesis 2: there is no significant relationship between Venture-Oriented Passion and venture capitalists’ willingness to invest in SMEs in Jos North, Plateau State. The correlation table above shows that the value of the relationship between Venture-Oriented Passion and venture capitalists’ willingness to invest in SMEs in Jos North, Plateau State. is 0.000. Since this p-value is less than 0.05, we reject the null hypothesis. This means that there is a significant relationship between Venture-Oriented Passion and venture capitalists’ willingness to invest in SMEs in Jos North Plateau state.

DISCUSSION OF FINDINGS

Hypothesis 1 sought to test the relationship between entrepreneurial identity, oriented passion and venture capitalists’ willingness to invest. The result of the hypothesis 1 shows that, there is significant relationship between EI-OP & VCWI. This agrees with the findings of Ogidi & Okonkwo (2021), which discovered that in the Nigerian society, entrepreneurship is practiced by many who are determined to make ends meet, thus everyone seems to be thinking of what they can do. In line with other researchers, our results confirm that entrepreneurial passion contributes immensely to investment decision of the venture capitalists in SMEs in Jos North, Plateau State. Our findings reveal that Entrepreneurial Identity-Oriented Passion does have a significant relationship with venture capitalists’ willingness to invest in SMEs in Jos North, Plateau State, and is contrary to other researchers (Siddiqui & Shah, 2017).

The result of the test of hypothesis two also shows a significant relationship between venture-oriented passion and venture capitalists’ willingness to invest in SMEs. This is consistent with previous findings (Burke & Fiksenbaum, 2009). Furthermore, we found that the relationship between Venture-Oriented Passion and venture capitalist’s willingness to invest is positive due to the fact that, venture capitalists want

to invest in business with high level of passion from the entrepreneurs.

CONCLUSION

The study examined entrepreneurial passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State. From our findings, we conclude that entrepreneurial passion is a predictor of venture capitalists' willingness to invest in SMEs and more so, that entrepreneurial identity-oriented passion and Venture-Oriented Passions have significant relationship with venture capitalists' willingness to invest in MSMEs.

The study recommends that entrepreneurs should desist from exhibiting the negative aspect of Entrepreneurial Identity-Oriented Passion that could affect the willingness of venture capitalists to invest in SMEs. Entrepreneurial Identity -Oriented Passion which was pointed out by other researchers such Siddiqui and Shah, (2017) as well as Ogidi & Okonkwo (2021) for their businesses as this would negatively affect their ability to attract investors in the long run but rather focus on the positive aspects. Furthermore, entrepreneurs should be enlightened about the field of passion and how influential it is to win over investment decision of the venture capitalists.

This study adds more to knowledge and understanding on entrepreneurial passion and venture capitalists' willingness to invest in SMEs in Jos North, Plateau State. Drawing from a resource-based view theory, Venture-Oriented Passion was found to have significant relationship with venture capitalists' willingness to invest in SMEs. The scope of this study is a limitation. Few SMEs were selected within the SMEs sector thus the findings of the study cannot be generalized in a larger context across cultures of other countries, sectors and business environment. Thus, the result from the relationships between entrepreneurial passion and venture capitalists' willingness to invest in SMEs in other studies may differ. Also, the survey research is limited in its capacity due to access to funding and time.

Future studies should aim at examining the relationship between entrepreneurial passion and venture capitalists' willingness to invest in SMEs at the national level. Further studies could also examine the relationship between entrepreneurial passion and business concepts such as productivity, marketing, customer service, etc. While this study focused on the dual model of passion, further studies could examine the relationship between other passion constructs and venture capitalists' willingness to invest in SMEs.

CONTRIBUTIONS

Theoretical Contribution

RBV theory suggests that firms can gain a competitive advantage by leveraging their unique resources and capabilities. In the context of entrepreneurial passion, the passion and enthusiasm of entrepreneurs can be seen as an intangible resource that influences the success of SMEs. Passionate entrepreneurs are often more motivated, persistent, and able to inspire others, creating positive externalities within the SMEs. This passion can attract venture capitalists (VCs) who recognize and value the entrepreneur's resourcefulness and commitment. Consequently, the investment from VCs provides financial resources necessary for the growth and survival of SMEs.

Social identity theory suggests that individuals derive their identity and self-esteem from the groups they belong to. In the context of SMEs, entrepreneurial passion can act as a catalyst in shaping the social identity of both entrepreneurs and their teams. Passionate entrepreneurs are more likely to create an inspiring vision and foster a strong organizational culture, leading to a sense of belonging and higher levels of commitment within the firm. This, in turn, attracts VCs who are more inclined to invest in SMEs with a strong and

passionate organizational identity, as it aligns with their investment objectives.

Prospect theory suggests that individuals' decisions are influenced by their cognitive framing and risk preferences. In the context of SMEs, both entrepreneurs and venture capitalists exhibit risk-taking behavior influenced by their respective prospect theory frameworks. Passionate entrepreneurs tend to have a more positive cognitive framing by perceiving opportunities rather than risks. This optimism may align with the risk preferences of venture capitalists, who are often willing to take calculated risks. When passionate entrepreneurs communicate their vision and growth potential to venture capitalists, it may create a positive perception of high expected rewards, thus increasing the likelihood of investment.

In conclusion, entrepreneurial passion and venture capitalists' willingness contribute to SMEs from the perspectives of the resource-based view theory, social identity theory, and prospect theory. Entrepreneurial passion acts as a valuable resource, influences social identity, and dedication, and aligns with risk preferences. Venture capitalists recognize these factors and are more likely to invest in SMEs that exhibit passionate entrepreneurship, leading to the growth and success of such ventures.

Practical Contribution

Entrepreneurs need to articulate a clear and compelling vision for their venture that captures the attention and imagination of venture capitalists. This involves effectively communicating the purpose, value proposition, and potential impact of the business. Entrepreneurs should develop a comprehensive and realistic business plan that outlines the market opportunity, competitive landscape, growth strategy, financial projections, and risk management. A well-structured business plan provides venture capitalists with a solid foundation for evaluating the potential viability and scalability of the SME. Entrepreneurs should demonstrate their deep understanding of the industry and market dynamics in which their business operates. Venture capitalists are more likely to invest in SMEs led by individuals who possess industry-specific knowledge and expertise, as it minimizes the perceived risks associated with the venture.

Overall, by incorporating these practical contributions into their approach, entrepreneurs can enhance their appeal and increase the willingness of venture capitalists to invest in their SMEs.

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