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Original Research Article

Entrepreneurial Leadership and Innovative Behaviour of Small Businesses in Rivers State

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Abstract: The study investigated the relationship between entrepreneurial leadership and innovative behavior within the packaged water industry in Rivers State, with a focus on the moderating role of strategic thinking and risk-taking. The study utilized a census of 298 representatives (owners, managers and supervisors) of 85 functioning packaged water companies based on a cross sectional research design and positivist paradigm. The questionnaire was a structured, closed-ended questionnaire based on other existing scales on entrepreneurial leadership and innovative behavior, and with a 5-point Likert scale to collect data. The reliability of the instrument was verified in a pilot test as the Alpha coefficients of Cronbach were found to be between 0.770 and 0.850. The Pearson Product Moment Correlation Coefficient was used in the analysis of data. The results show that there is a strong positive correlation between strategic thinking, risk-taking behavior, and such innovative behaviors as the generation of ideas, championing, and implementation. Strategic thinking showed a positive relationship with innovative behavior with a moderate positive correlation whereas risk-taking behavior had a positive correlation as well. This implies that innovations in any small business are highly dependent on entrepreneurial leadership, especially in terms of visionary planning and readiness to take risks. Finally, with entrepreneurial leadership, the culture of innovation is highly stimulated. It is suggested that the small business in the packaged water sector ought to work towards instilling strategic thinking, and risk taking in a calculated manner in their organizations. This is possible through the introduction of strategy workshops, cross-functional teams in the area of an environmental scanning and the innovation challenge programs, which promotes experimentation and failure tolerance in order to increase the overall organizational resilience and competitiveness.

Keywords: Strategic Thinking, Risk-Taking Behavior, Innovative Behavior, Entrepreneurial Leadership.

INTRODUCTION

The Nigerian economy is made up of small and medium sized businesses (SMEs), which are the major players in the gross domestic product (GDP), emergence of jobs, and foreign exchange earnings. SMEs are a big portion of the economic activity with more than 80 percent of the workforce and providing about 50 percent to the GDP of Nigeria. Although they hold great economic significance, the SMEs in Nigeria are experiencing a lot of challenges, such as inaccessibility to resources, stiff competition in the market, and weakening innovative behaviour in the market, which has not helped them adapt and survive in the highly dynamic business environments (Elsayed *et al*., 2023). These are mostly acute in Rivers State where SMEs, including packaged water companies, are in a very competitive industry that has to keep on coming up with new innovations to keep up with the market. Idea generation, championing, and implementation constitute innovative behavior, which is essential to SMEs as a competitive advantage in the context of rapidly changing markets and ensure further growth (Farrukh *et al*., 2023). The innovation behavior helps SMEs to create new products, processes, and strategies, which result in greater organizational effectiveness and resilience by encouraging creativity and being proactive in problem-solving (Phromket *et al*., 2024).

Strategic thinking and risk-taking behavior have become the hallmarks of entrepreneurial leadership that has been proposed as a driver of innovative behavior among SME. Leaders are able to view challenges and discover opportunities and to align decisions with long-term objectives with the assistance of strategic thinking, which creates a culture of innovation (Al-Abbadi *et al*., 2024; Piotkowska *et al*., 2021). Likewise, risk-taking behavior helps leaders to invest in unpredictable ventures with the calculated judgments, which facilitates the resilience and innovativeness of employees (Almamary and Alshallaqi, 2022; Tian *et al*., 2022). Entrepreneurial leadership ensures that employees work towards innovative behaviours by giving them empowerment and resources, since the theory is anchored on Social Exchange Theory (SET) which assumes the reciprocity of the actions between the leader and employees creates mutual benefits (Homans, 1958).

Nonetheless, the predictors of innovative behavior have been studied previously, including the organizational climate and transformational leadership (Nilasari *et al*., 2023), but the role of entrepreneurial leadership, in particular, strategic thinking and risk-taking behavior, in the case of SMEs in Rivers State has been given insufficient attention. As an example, Sebora and Theerapatvong (2010) were concerned with corporate entrepreneurship, and Gross (2017) dealt with the effects of innovative behavior on strategic thought, but did not work with SMEs or SET. On the same note, Memaristan *et al*., (2022) and Ledi *et al*., (2024) investigated risk-taking as well as strategic thought in particular cases (family businesses and hospitality), but neither examined both proxies nor used SET in a non-crisis SME context. Tyagi *et al*., (2017) investigated risk-taking and creativity but lacked a leadership focus. This research gap highlights the need to examine how entrepreneurial leadership drives innovative behavior in SMEs.

Hypotheses

The following hypotheses were formulated:

H_{01}: There is no significant relationship between strategic thinking and innovative behaviour.

H_{02}: Risk-taking behaviour and innovative behaviour are not significantly linked.

LITERATURE REVIEW

Conceptual Review

Entrepreneurial Leadership

Entrepreneurial leadership is a versatile leadership style that combines the elements of entrepreneurial practice, including observing opportunities, innovation, and resource utilization with the elements of leadership, to promote organizational achievement, especially in the small and medium-sized enterprises (SMEs). It will entail developing a culture of innovativeness through encouraging and empowering employees to create and execute innovative ideas in promoting competitiveness in organizations operating in dynamic environments (Aristana *et al*., 2024). Using the functional competencies, entrepreneurial leaders influence the team members to go beyond the established practices and motivate them to engage in novel behaviors that are in line with organizational objectives (Hoang *et al*., 2022). This type of leadership is especially important in high tech SMEs, in which leaders have to work in complex and unpredictable environments in order to facilitate innovation and resilience (Leitch & Volery, 2017). Recent reports underline that entrepreneurial leadership does not only spearhead individual and team performance in creativity, but it also redefines the ability in employees to perform new ideas (Malibari and Bajaba, 2022; Strobl *et al*., 2023).

Strategic Thinking

Strategic thinking is a very important mental process that allows the leaders to foresee the obstacles, recognize opportunities and tie down the decisions to the long term organizational goals, especially in a dynamic business environment. It entails the creation of information, the vision of the future and the development of action plans to realize sustainable competitive advantages (Al-Abbadi *et al*., 2024). Such competency goes beyond the idea of analytical thinking since it involves creativity, intuition, and foresight, which enable leaders to solve complicated issues successfully (Elrehail *et al*., 2021). The features of strategic thinking include systems perspective, intent focus, and intelligent opportunism, all of which enable leaders to develop the sense of innovation and flexibility in organizations (Piotkowska *et al*., 2021). Studies note that it has a major effect on the functioning of organizations in all industries like agribusiness and higher education by boosting the quality of managerial decisions and creating an innovative culture (Alzghoul *et al*., 2023; Kamau *et al*., 2025).

Risk-Taking Behavior

Entrepreneurial risk-taking behavior refers to the design of the resources to risky projects with the possibility of high payoffs in balance with consideration of both possible advantages and disadvantages. The skill of taking calculated risks increases the chances of entrepreneurs being successful because of the strategic analysis of risks as opposed to doing reckless things, as demonstrated by entrepreneurs who demonstrate this behavior (Almamary and Alshallaqi, 2022). Effectual reasoning underlines this strategy, in which business persons can make use of available resources and prior information to reduce risks as they take opportunities in search of opportunities (Hammouri *et al*., 2023). Researchers have found that the tendency to take risks is linked to tried a wider variety of options that could result in significant rewards as

long as the risks are handled wisely (Hanandeh *et al*., 2023). Moreover, engaging in risk-taking activity leads to resilience because entrepreneurs who accept difficulties as learning skills will have more chances to recuperate and succeed in their activity in the future (Tian *et al.,* 2022).

Innovative Behavior

Innovative behaviour is considered as the behaviour of the individuals in an organization to create, popularize and introduce new ideas, processes or products which contribute to effectiveness and competitiveness of the organization. It involves the generation of ideas, championing, and implementation which are motivated by creativity, tolerance to uncertainty, and innovation focus (Farrukh *et al*., 2023). This practice is essential in the context of SMEs that have to work in the environment of rapid change because it helps them to adjust and have a competitive advantage since they are always innovative (Elsayed *et al*., 2023). Transformational and entrepreneurial leadership are leadership styles that have a strong impact on innovative behavior because they provide enabling environments that promote innovation and efforts to address problems proactively (Nilasari *et al*., 2023). Employees who are seen to act out of innovation contribute to organizational success by engaging in attempts to find the opportunity and apply solutions and thus it is a crucial factor of performance in dynamic business environments (Phromket *et al*., 2024).

Theoretical Framework

Social Exchange Theory

In the social interaction, the Social Exchange Theory (SET) was the major making of the research conducted by George C. Homans in the 1950s and argues that interactions between individuals are governed by a process of exchange in which individuals endeavor to maximize the benefits at minimal costs within the relationship (Homans, 1958). The fundamental principles of SET are as follows: people enter into relationships after a cost benefit analysis, where rewards (e.g., recognition, resources or support) and costs (e.g., effort, time or risk) define the intensity and persistence of the interaction. It revolves around reciprocity as people expect to receive back what they give and the aspect of trust is what gives the expectation of reciprocity over the long run (Blau, 1964). The theory also places emphasis on distributive justice since results are seen as just in cases where they match up on the contribution (Cropanzano and Mitchell, 2005). Critics, however, reflect that SET is a simplistic model of human behavior because it only deals with calculations of rational behavior, which may ignore emotional, cultural or altruistic motivations. Also, it might not explain power relations properly, where there are unequal relations, which can bias the interaction, thus preventing it to explain adequately in more complicated social situations (Emerson, 1976).

Social Exchange Theory offers a paradigm of explaining how the process of entrepreneurial leadership, in terms of strategic thinking and risk-taking behavior, contributes to the emergence of innovative behavior within the employees. By using strategic thinking to find opportunities and risk taking to venture into new business, entrepreneurial leaders provide employees with rewards of empowerment, inspiration, and access to resources, which inspire them to adopt innovative ways of behavior, including idea generation and implementation (Hoang *et al*., 2022). In return, employees also contribute innovative ideas and solutions as they consider their innovative contribution fair considering the support and opportunities the leader offers (Farrukh *et al*., 2023). As an example, strategic thinking allows the leaders to match the organizational objectives to the innovative processes, and risk-taking invites the employees to explore the bold ideas, creating a cycle of mutual benefits that contributes to innovation in small companies (Almamary and Alshallaqi, 2022). Therefore, the causal relationship between entrepreneurial leaders and employees is elaborated by SET on how the mutual relationship boosts innovative behavior in SMEs.

Empirical Review

S/N	Author(s)/ Year	Topic/ Objectives	Methodology	Findings	Conclusion	Gaps	Comparison with Current Study
1	Sebora & Theerapatvong (2010)	To investigate the effect of external and internal influences on the idea-generation, risk-taking, and proactiveness of managers in corporate entrepreneurship.	Quantitative methodology; the data obtained on 105 manufacturing firms with a random sample; prepared to determine the effects on entrepreneurial	Generation of ideas was driven by nature of the product, the size of the company and internal entrepreneurial support; risk-taking was dependent on the size of the company and support;	The context of the company practices entrepreneurial leadership behavior which develops the generation of ideas and risk taking in pursuit of	Focus on corporate entrepreneurship rather than SMEs; no direct link to innovative behavior; lacks Social Exchange Theory (SET) framework.	Unlike the current study, which focuses on SMEs in Rivers State and uses SET, this study targets larger firms and does not explicitly link to innovative behavior or use PPMCC analysis.

			characteristics.	proactiveness depended on the competition, the size of the company and the atmosphere of entrepreneurship.	innovative results.		
2	Gross (2017)	To explore how innovative behavior influences strategic thinking as a dynamic capability in organizations.	Quantitative; data from 100 respondents; hierarchical regression analysis, controlling for age, gender, and years on the job.	Innovative behaviour has positive and significant effects on the strategic thinking whether at individual or group.	The innovation in behavior contributes to the strategic thinking, which is essential in competitive advantage.	Not a direct risk-taker; no SME-focus; no SET framework; no context identified.	The current study examines strategic thinking and risk-taking as proxies of entrepreneurial leadership in SMEs, using SET and PPMCC, while this study focuses on innovative behavior's impact on strategic thinking in a broader context.
3	Tyagi *et al*., (2017)	To investigate the relationship between domain-specific risk-taking behaviors and creative outcomes.	Two articles: laboratory investigation offline and online investigation with greater, more heterogeneous sample; correlation research of risk-taking areas and creativity measures.	Creativity personality and ideation were strongly correlated with social risk-taking; other aspects (financial, health, recreational, ethical) were not correlated.	Involving creativity and risk-taking is a complicated phenomenon and social risk-taking leads to creative results.	Risk-taking (in areas limited); no SME-based approach; no leadership setting; no SET paradigm.	The present paper concentrates on risk-taking as an entrepreneurial leadership variable in the SMEs, through SET and PPMCC whereas the present study concentrates on risk-taking and creativity at large without the leadership or SME focus.
4	Memarista *et al*., (2022)	To explore whether risk-taking behavior leads to the innovation in MSMEs during the COVID-19 pandemic, it is worth targeting family businesses.	Quantitative; 307 owners of MSMEs; online questionnaire; binary logistic regression, family involvement, generational level, founder-CEO duality, and firm capital.	Risk-taking behavior, family involvement, and business capital significantly influenced MSME innovation.	Risk-taking is a critical driver of innovation in family-run MSMEs, especially in crises.	Focus on family businesses; no strategic thinking component; no SET framework; crisis-specific context.	The current study includes strategic thinking alongside risk-taking in SMEs, uses SET, and applies PPMCC in a non-crisis context in Rivers State, unlike this crisis-focused study.
5	Ledi *et al*., (2024)	To investigate the mediating role of innovation in the relationship between strategic thinking and hotel performance during crises.	Quantitative; 291 hospitality companies; partial least squares (PLS) structural equation modelling.	The innovation behavior is a result of strategic thinking, which improves the performance of an organization.	Innovative behavior is a deliberate growth strategic thinking and this is necessary in the volatile environment of SMEs.	Central to hospitality industry; no element of risk-taking; no SET model; crisis-based situation.	The present research covers both the strategic thinking and risk taking in SMEs, involves SET, and implements PPMCC in non-crisis situation in Rivers State, as compared to the present study that is focused on the hospitality industry.

METHODOLOGY

The research design used was cross-sectional research based on positivist philosophical paradigm to explore the relationship between strategic thinking, risk-taking behavior and innovative behavior in the packaged water firms. The census methodology was used, which focused on 298 representatives (owners, managers, and supervisors) of 85 operational packaged water companies since the existing population was not too large to capture all of its aspects without sampling (Kothari and Garg, 2014). The structured, closed-ended questionnaire with the questions based on the existing scales on entrepreneurial leadership (Kasim and Zakaria, 2019) and innovative behavior (De Jong and den Hartog, 2010) measured on a 5-point Likert scale was used in collecting primary data. The questionnaire was distributed via the drop-and-pick technique, with follow-up calls and face-to-face visits, so as to achieve a good response rate (Saunders *et al*., 2019). The trustworthiness of the instrument was ensured by a pilot study involving 35 participants who were not part of the main study sample and Cronbach Alpha coefficients of all variables of the instrument were between 0.770 and 0.850, which represents a high level of internal consistency (Tavakol and Dennick, 2011). Face, content, and construct validity evaluation were used so that validity could be achieved, by matching the validity with the study goals (Mugenda and Mugenda, 2010). Data analysis was conducted using the Pearson Product Moment Correlation Coefficient.

RESULTS AND DISCUSSION

Table 1: Demographic Analyses

Gender Distribution				
	Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Male	176	59.1	59.1	59.1
Female	122	40.9	40.9	100.0
Total	**298**	**100.0**	**100.0**	
Age Group Distribution				
Less than 25 years	53	17.8	17.8	17.8
26 - 35 years	75	25.2	25.2	43.0
36 - 45 years	79	26.5	26.5	69.5
Above 46 years	91	30.5	30.5	100.0
Total	**298**	**100.0**	**100.0**	
Marital Status Distribution				
Single	79	26.5	26.5	26.5
Married	163	54.7	54.7	81.2
Others	56	18.8	18.8	100.0
Total	**298**	**100.0**	**100.0**	
Educational Level Distribution				
HND/B.Sc.	184	61.7	61.7	61.7
PGD/Masters	95	31.9	31.9	93.6
PhD	19	6.4	6.4	100.0
Total	**298**	**100.0**	**100.0**	

Demographic profile of the 298 respondents of the packaged water companies in Rivers State gives significant information about the nature of the sample, which consisted of owners, managers and supervisors. The sample is predominantly male with 176 males (59.1) and 122 females (40.9) indicating that the sample is relatively balanced although 59.1 males outnumber the females in terms of leadership positions within these SMEs. The age distribution shows that there are a diversity of people of various ages, where 30.5 percent of people are above 46 years old, 26.5 percent people are between the age group of 36 to 45 years, 25.2 percent people are between the age group of 26 to 35 years, and 17.8 percent people are below 25 years old which is a combination of those who are experienced and the young people who may bring different views to the innovative behavior. The distribution of marital status is as follows: 54.7 per cent. were married, 26.5 single and 18.8 other (e.g., divorced or widowed), which turned out to be a stable workforce with possible long-term organizational commitment motivation. Sixty one and seventy percent had HND/B.Sc. and 31.9% had PGD/Masters degrees and 6.4% had PhDs implying a well-educated sample with the potential to give strategic thought and do innovative activities. Such a population structure illustrates an employee base that has a potential to react efficiently to entrepreneurial leadership programs, thus developing novel conduct in small to medium enterprises.

Univariate Analyses

Table 2: Descriptive Statistics on Strategic Thinking

Statement	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Std. Error	Kurtosis	Std. Error
I always come up with long term strategies to secure the growth of my company in the long term.	298	1	5	3.31	1.059	-.464	.141	-.250	.281
I am a proactive marketer who studies the market trend and uses it to make strategic decisions in my business.	298	1	5	3.46	1.079	-.542	.141	-.320	.281
I envision what the future has in store of my company and use it to steer the company.	298	1	5	3.83	.956	-1.147	.141	1.453	.281
I push my team members to work in direction of the strategic targets of the company.	298	1	5	3.79	.976	-.993	.141	.989	.281
I constantly measure the performance of the company to streamline our strategy.	298	1	5	3.21	.971	-.242	.141	-.267	.281
Valid N (listwise)	298								

Descriptive statistics of strategic thinking, which can be considered as a proxy of entrepreneurial leadership, show that there are predominantly positive perceptions of the respondents of the packaged water companies in Rivers State. The most popular statement in terms of the mean score is I anticipate future challenges and opportunities to steer the direction of my company (M = 3.83, SD = 0.956), which implies that such leaders actively plan to address future situations, and the negative skew (-1.147) is indicative of the desire to do so more. Likewise, I would say that by saying I encourage my team to align their efforts with the strategic goals of the company (M = 3.79, SD = 0.976), I would say that the team members are strongly aligned with the organizational goals as the skewness of this statement is equal to -0.993. Nevertheless, the means of "I frequently assess the performance of my company to optimize its strategy (M = 3.21, SD = 0.971) and "I always plan the long term to make sure that my company continues its growth (M = 3.31, SD = 1.059) were lower, which could imply that there are reassessment areas that do not imply a consistent evaluation of the performance and development of the long-term plans. The intermediate standard deviations (0.956-1.079) and the diverse skew values (-0.242 to -1.147) indicate a bit of variability in the perceptions, with the majority of respondents being inclined towards the affirmative although to a lesser extent on some issues related to strategic thinking.

Table 3: Descriptive Statistics on Risk-Taking Behaviour

Statement	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Std. Error	Kurtosis	Std. Error
I am willing to take calculated risks to achieve significant gains.	298	1	5	3.18	1.029	-.313	.141	-.493	.281
I am comfortable with decisions that are made under uncertainty.	298	1	5	3.43	.986	-.705	.141	.057	.281
I tend to endorse new ideas even though they might be associated with the risk factors.	298	1	5	2.91	1.113	.011	.141	-.703	.281
I am also willing to explore new opportunities, even though they may be unsuccessful.	298	1	5	2.87	1.109	.046	.141	-.777	.281
In my opinion, it is necessary to take risks so that organizations could develop.	298	1	5	3.23	.947	-.470	.141	-.190	.281
Valid N (listwise)	298								

The descriptive statistics of risk-taking behavior, which is the second proxy of entrepreneurial leadership exposes ambivalent perceptions of the respondents. The highest mean (M = 3.43, SD = 0.986), moderate to strong agreement, was in the statement that I feel comfortable making decisions that have some uncertainty, and the skew (-0.705) indicated the skew is negatively oriented towards agreement. In contrast, I tend to enforce new ideas, even though they are to be accompanied by risks (M = 2.91, SD = 1.113) and I am ready to follow new ventures, despite the risks (M = 2.87, SD = 1.109) received lower means, with the value of the skewness being near zero (0.011 and 0.046). The fact that I believe that taking risks is essential to the organizational growth (M = 3.23, SD = 0.947) implies moderate agreement, and the skewness of the statement is -0.470. The standard deviations (0.9471.113) imply that there is moderate variability in the way the risk-taking is perceived, and some people will not be willing to take the risk of loaning more innovative projects.

Table 4: Descriptive Statistics on Innovative Behaviour

Statement	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Std. Error	Kurtosis	Std. Error
I frequently brainstorm new ideas for projects and improvements.	298	1	5	3.29	.963	-.423	.141	.047	.281
I like giving my ideas in brainstorming.	298	1	5	3.08	.937	-.218	.141	-.120	.281
I am an enthusiast in promoting new ideas in the organization.	298	1	5	3.64	1.209	-.853	.141	-.125	.281
I am actively involved in turning ideas into practical solutions.	298	1	5	3.13	1.087	-.174	.141	-.740	.281
I work diligently to ensure that innovative ideas are executed effectively.	298	1	5	3.36	1.135	-.523	.141	-.489	.281
Valid N (listwise)	298								

The descriptive statistics for innovative behavior, the dependent variable, show varied engagement levels among respondents. The mean of the statement that I proactively support innovative ideas in the organization was the largest (M = 3.64, SD = 1.209), meaning that there is a high level of agreement and the inclination to support innovative ideas, though the skewness (-0.853) represented a tendency toward an increase in the agreement. The mean of 3.36 (SD = 1.135) and 3.29 (SD = 0.963) of the statements I work diligently to make sure that innovative ideas are implemented and I regularly brainstorm new ideas on how to improve the things are moderate, and the skewness value (-0.523 and -0.423) suggests a slight inclination to the agreement. Nonetheless, I contribute in brainstorming activities with lower means (M = 3.08, SD = 0.937) and I engage in transforming ideas into a working solution (M = 3.13, SD = 1.087), which implies the lack of strong perceptions and inconsistent participation in generating and solving problems. The standard deviations (0.9371209) and the range of skewness values suggest that there are different perceptions and more ideal advocacy than brainstorming and implementation.

Bivariate Analysis

Table 5: Test of Relationships between Strategic Thinking, Risk-Taking Behaviour, and Innovative Behaviour

		Strategic Thinking	Risk-taking Behaviour	Innovative Behaviour
Strategic Thinking	Pearson Correlation	1	.495**	.488**
	Sig. (2-tailed)		.000	.000
	N	298	298	298
Risk-taking Behaviour	Pearson Correlation	.495**	1	.594**
	Sig. (2-tailed)	.000		.000
	N	298	298	298
Innovative Behaviour	Pearson Correlation	.488**	.594**	1
	Sig. (2-tailed)	.000	.000	
	N	298	298	298
**. Correlation is significant at the 0.01 level (2-tailed).				

Table 5 analyses the correlation which indicates that the results of Table 5 are the empirical proof of the relationships between the study variables which support the null hypothesis rejection. Innovative behavior has a moderate

positive relationship with strategic thinking (r =. 488, p <. 01) meaning that those leaders who are strategic planners and opportunity anticipators are those who encourage more innovative behaviors in employees, like idea generation and advocacy. The positive relationship exists between risk-taking behavior and innovative behavior (r =.594, p <. 01), indicating that the readiness of leaders to take any risk, and encourage innovative ideas which are risky, is a major driving factor in motivating employees to be innovative. Moreover, there are moderately strong positive correlations between strategic thinking and risk-taking behaviour (r =.495, p = -.01), which means that the two proxies of entrepreneurial leadership are related with each other and that the results can be combined to produce innovative outcomes. These strong relationships highlight the importance of entrepreneurial leadership as a factor that fosters innovative behaviour among SMEs.

Discussion of Findings

The results indicate that strategic thinking is positively and modestly associated with innovative behavior (r = .488, p <.01), which implies that strategic leaders who strategize and look into the future opportunities in the small businesses contribute greatly to the innovation behavior of the employees in the Rivers State. This is consistent with the idea that strategic thinking, as an essential part of entrepreneurial leadership, allows leaders to process the information and visualize the future situation, which causes an atmosphere in favor of innovation (Al-Abbadi *et al*., 2024). In the same vein, the high positive relationship between risk-taking behavior and innovative behavior (r =.594, p <.01) highlights the role of the readiness to face the uncertainty that leaders demonstrate on the innovative actions of employees, including championing and implementation of ideas (Memarista *et al*., 2022). Strategic thinking used in entrepreneurial leadership develops a systems mindset and smart opportunism, which stimulates employees to work towards achieving organizational objectives and, as a result, make them more creative and innovative (Piotkowska *et al*., 2021). At the same time, effective thinking and reasonable risk-taking behavior promote risk-seeking behavior in employees, which leads to the exploration of new ventures regardless of the possible failures to support resilience and new ideas (Almamary and Alshallaqi, 2022; Tian *et al*., 2022). These findings resonate with prior studies, such as Ledi *et al*., (2024), which found that strategic thinking catalyzes innovative behavior in SMEs, and Memarista *et al.,* (2022), which highlighted risk-taking as a driver of innovation in MSMEs. Unlike Sebora and Theerapatvong (2010), which focused on corporate entrepreneurship without a direct link to innovative behavior, or Gross (2017), which explored innovative behavior's impact on strategic thinking, the current study uniquely positions strategic thinking and risk-taking as proxies of entrepreneurial leadership within the SME context, supported by the Social Exchange Theory (SET) framework to explain reciprocal leader-employee dynamics.

Conclusion and Recommendations

As the proxies of entrepreneurial leadership, it is shown that strategic thinking and risk-taking behaviour contribute significantly to the promotion of the innovative behaviours, including idea generation, championing, and implementation. The moderate positive relationship between strategic thinking and innovative behaviour and the stronger one between strategic thinking and risk-taking behaviour indicates the crucial role of the leader of an entrepreneurship in the innovation process as a vision-planner and a person ready to take any risk. The management of small business, therefore, should:

i. Incorporate a long-term orientation and prospective culture in their organizations. This may be done through regular strategic workshops, whereby the leaders and the employees develop long term objectives together with evaluating the market trends to ensure that they are in line with the organizational objectives. The management can form cross-functional teams to undertake quarterly scans of the environment to determine new opportunities and challenges therein and incorporate them into action plans. Also, a mentorship program in which the experienced leaders develop employees in strategic decision-making should be created to improve their capability to generate innovative ideas, which creates a shared vision promoting creativity and innovativeness.

ii. Promote calculated risk-taking, which develops a conducive environment that rewards experimentation and embracing failure. It may be put to practical use through the introduction of innovation challenge programs, according to which employees receive incentives to develop and test new ideas using the available resources and specific evaluation metrics. Rewarding positive risk taking by awarding them publicly or by means of performance bonuses can also encourage employees to take part in innovative practices, which increases the overall resilience and competitiveness of the companies.

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