



ENTREPRENEURIAL MINDSET ON THE SUSTAINABILITY OF SMALL TOURISM BUSINESSES IN OSUN STATE, NIGERIA

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Abstract

The study explored the impact of entrepreneurial mindset on the sustainability of small tourism businesses in Osun state, Nigeria. The study adopted a survey research design. The sample size for this study is 297 small tourism businesses operating in Osun state, Nigeria. Data analysis was conducted using Smart-PLS. The findings revealed that innovativeness has a beta value of 0.029 and a p-value of 0.683, indicating a positive but insignificant effect on the entrepreneurial mindset influencing sustainability. In contrast, adaptability and resilience demonstrated a beta value of 0.603 and a p-value of 0.001, indicating a positive and significant effect. These results suggest that while innovativeness contributes to creativity, it does not significantly impact sustainability outcomes. Conversely, adaptability and resilience are critical for enhancing the sustainability of small tourism businesses. It is recommended that small tourism businesses in Osun State integrate structured innovation programs with mentorship and strategic collaborations to maximize innovative practices. Additionally, they should focus on strengthening adaptability and resilience through targeted training, scenario planning, and crisis management strategies. Encouraging a culture of flexibility and proactive problem-solving can further enhance sustainability outcomes.

Keywords: Tourism, Entrepreneurial mindset, Tourism businesses, innovative, adaptability,

1.0 Introduction

Tourism is now recognized as being an economic activity of many nations in the world including Nigeria. It is also one of the largest and fastest-growing sectors globally, contributing significantly to economic development, job creation, and cultural exchange. It accounts for approximately 10% of the world's GDP and supports millions of businesses worldwide, particularly small and medium-sized enterprises (SMEs) that serve as the backbone of the industry (John, 2023)

Morrison (2004) describe the tourism industry as comprising a large number of small firms which are fragmented and, as a result are widely dispersed. According to Harrison (2001), tourism can be referred to as a tool for economic development which is more heavily relied upon by less developed countries, than by developed countries, as a means to achieve economic growth.

According to Morrison (2004), small tourism business can be defined as those that have fewer than fifty (50) employees and are independently owned and operated. Meanwhile, Page *et al* (2017) define small tourism businesses as those that have fewer than twenty (20) employees and are often micro-enterprises that operate in the informal sector. Tourism businesses are business that operate in the tourism industry, providing goods and services to tourists. These enterprises can range from small, family-owned businesses to large, multinational corporations

(Page, 2014). According to Hall (2014), tourism businesses include: Accommodation providers like (hotels, resorts, guesthouses, clubhouses). Food and beverages providers (restaurants, cafes, bars), transportation providers (taxi services, tour operators, car rental companies) Attractions and activities (theme parks, museums, guided tours) and Travel Agencies and tour operators.

Entrepreneurial mindset is a business, investment, and thinking mindset on how to invest and make profit. It can further refer to the ability to identify opportunities, take risks, and innovate (Adewale and Jimo, 2022). This is important for small business owners to cultivate the entrepreneurial mindset and spirit in order to innovate, adapt to changing environments, and take calculated risks that will lead to achieving business goals. An entrepreneurial mindset characterized by creativity, risk-taking, adaptability, proactiveness, and opportunity recognition has thus emerged as a critical factor in ensuring business sustainability and long-term growth (Ireland *et al.*, 2003; McGrath and MacMillan, 2000). Also, an entrepreneurial mindset is a set of skills that enable people to identify and make the most of opportunities, overcome and learn from setbacks, and succeed in a variety of settings (Adewale and Jimo, 2022).

The sustainability of small tourism businesses in Osun State, Nigeria, is a significant concern. Many of these businesses are facing challenges such as economic fluctuations, fluctuating exchange rates of foreign currency, lack of a tourism calendar in the state, climate change, shifts in consumer behavior, limited finances to expand their businesses, inadequate tourism infrastructure (e.g., airports) to attract tourists, intense competition, and a lack of effective tourism policies that create a better enabling environment for tourism to thrive compared to other states in Nigeria like Akwa-Ibom and Lagos (Harrison, 2001). Despite the potential of the tourism industry to contribute to the state's economic development, create employment opportunities, and reduce poverty, many small tourism businesses in the state struggle to survive. The lack of an entrepreneurial mindset among small tourism business owners has been identified as a major factor contributing to this problem (Dugguh, 2008). Entrepreneurs in the tourism sector are expected to adopt innovative approaches and demonstrate resilience and adaptability to address these challenges for the betterment of their businesses (Ritchie, 2004).

Osun State, located in southwestern Nigeria, is renowned for its rich cultural heritage, historical significance, and vibrant tourism sector. Home to the famous Osun-Osogbo Sacred Grove, a UNESCO World Heritage Site, the state attracts visitors with its deep-rooted Yoruba traditions, festivals, and artistic expressions (Hall and Page, 2014). Osogbo, the capital, serves as a cultural hub, while other towns like Ile-Ife, regarded as the cradle of the Yoruba people, add to its historical importance. The state's economy thrives on agriculture, commerce, and a growing tourism industry, with natural attractions such as Olumirin Waterfalls in Erin-Ijesha complementing its diverse landscape (Morrison and Thomas, 2004). Osun State is a treasure trove of cultural and natural attractions, making it an ideal destination for tourism. By tapping into Osun State's rich cultural and natural heritage, small tourism businesses can thrive and contribute to the state's economic development.

While there is a growing body of research on the importance of entrepreneurial mindset for small business success, there is a dearth of research on the impact of entrepreneurial mindset on the sustainability of small tourism businesses in Nigeria. Specifically, there is a need for research that explores the relationship between entrepreneurial mindset and the sustainability of small tourism businesses in Osun State (Adewale & Jimo, 2022).

The main objective of the study is to examine the impact of entrepreneurial mindset on the sustainability of small tourism businesses in Osun state, Nigeria. The specific objectives to:

identify the key components of entrepreneurial mindset that influence the sustainability of small tourism businesses in Osun state and provide recommendations for small tourism businesses in Osun state to develop an entrepreneurial mindset and enhance their sustainability. The study hypothesized the following:

Ho1: Innovativeness has no significant effect on entrepreneurial mindset that influence the sustainability of small tourism businesses in Osun state.

Ho2: Adaptability and resilience has no significant effect on entrepreneurial mindset that influence the sustainability of small tourism businesses in Osun state.

2.0 Literature review

2.1 Conceptual framework

This section reviewed the major concepts of the study as follows:

2.1.1 Entrepreneurial mindset

According to (Aghazamani *et al.*, 2020) Mindset is a thought that is presented by a person to be able to change all views about things that have not been feasible so far to become worthy to be made and used. Mindset refers to the belief's individuals hold about their abilities and qualities, which influence how they approach challenges and learning opportunities. A fixed mindset assumes that abilities are static, whereas a growth mindset believes abilities can be developed through effort and learning. (Dweck, 2006). Entrepreneurial mindset refers to a set of cognitive and behavioral traits that enable individuals to identify opportunities, take initiative, adapt to challenges, and drive innovation in various contexts, contributing to business growth and sustainability. Entrepreneurial mindset is the ability to rapidly sense, act, and mobilize under uncertain conditions, characterized by a focus on innovation, risk-taking, and proactive behavior. (McGrath, 2000).

An entrepreneurial mindset is a way of thinking about business that emphasizes opportunity recognition and the ability to create value in dynamic and uncertain environments. (Ireland, 2003). According to (Primatari, 2019) to be able to rise up, entrepreneurs in the tourism industry must be able to think about what concepts are made, so business owners must have a good and focused mindset in order to be able to create and design what tourism concepts should be made and designed so that visitors can return. In addition, entrepreneurs in the tourism industry must have a high spirit and try hard so that their business can return to normal as before, so that with a good and focused mindset, as well as a high spirit can affect the increase in self-motivation of entrepreneurs in order to be able to improve the performance of the business that will be created and designed

An entrepreneurial mindset is crucial for the success and sustainability of small tourism businesses, as it fosters innovation, risk-taking, and adaptability in a competitive market. Entrepreneurs in the tourism sector must anticipate market trends, embrace new technologies, and continuously adapt to shifting customer preferences. Entrepreneurial mindset will help small tourism businesses (hotels, eateries/ restaurants, clubhouses or bar and others) especially in Osun state to thrive despite challenges like economic fluctuations, fluctuation in foreign currency rate of exchange, political instability, or external crises such as the COVID-19 pandemic, and others (McGrath and MacMillan, 2000; Dweck, 2006).

2.1.2 Innovativeness

Innovativeness is a crucial driver of competitiveness and sustainability in tourism businesses, encompassing the ability to develop and implement new ideas, services, and strategies that

resonate with evolving market demands. Dugguh (2008), defines innovation as the translation of a new idea into a new company, a new product, a new service, a new process or a new method of production. In the view of Robbins *et al.* (2001) innovation involves creativity. By embracing innovative marketing strategies such as social media campaigns, businesses can effectively reach and engage targeted audiences, creating a dynamic brand presence and fostering customer loyalty. The frequent introduction of new tour packages or services not only attracts diverse customer segments but also demonstrates adaptability to changing travel trends. Additionally, the adoption of modern technologies, such as online booking systems and virtual tours, enhances operational efficiency and customer convenience, solidifying the business's position as a forward-thinking and customer-centric enterprise. Together, these elements of innovativeness form a synergistic approach that drives growth and ensures long-term sustainability.

2.1.3 Resilience and adaptability

Resilience is the dynamic process of positive adaptation within the context of significant adversity or risk. ((Luthar, 2000). While Adaptability refers to the ability to effectively adjust to changes, including new environments, demands, or challenges, while maintaining high performance. (Pulakos *et al.*, 2000) Resilience and adaptability are essential traits that enable individuals and organizations to recover from setbacks, adjust to changing circumstances, and thrive in uncertain environments. (Luthar, 2000)

Resilience and adaptability are pivotal traits for businesses navigating the challenges of survival and recovery from crises such as the COVID-19 pandemic, political disruptions, and fluctuating foreign exchange rates. These traits enable businesses to swiftly respond to disruptions by reconfiguring operations, diversifying revenue streams, and embracing innovative strategies. For instance, during COVID-19, some businesses leveraged digital platforms to offer virtual experiences and maintain customer engagement. In the face of political instability and high exchange rates, businesses adapted by sourcing locally, renegotiating contracts, and exploring cost-effective alternatives. This ability to absorb shocks, pivot strategies, and sustain operations underscores the importance of resilience and adaptability as core drivers of business sustainability in turbulent environments.

2.1.4 Sustainability of small Tourism businesses

The sustainability of a tourism businesses in Osun state, Nigeria, is a pressing concern that requires attention of stakeholders like government, tourism practitioners and others. Despite the state's rich cultural heritage and natural attractions, many small tourism businesses struggle to survive due to various challenges, such as inability to innovate, adapt and resiliency to navigate the complexities of the tourism industry. Innovativeness is a crucial factor in sustaining small tourism businesses, as it enables them to differentiate themselves from competitors, respond to changing customer's needs, and capitalize on emerging trends. (Hjalager, 2010). For example, small tourism businesses in Osun state can innovate by offering unique cultural experiences, such as traditional Yoruba music, drum beating and dance performances, or by developing sustainable tourism products that showcase the state's natural attractions.

Resilience and Adaptability are another vital component of sustainability for small tourism businesses in Osun state. The tourism industry is inherently vulnerable to external shocks, such as COVID-19, Ebola, economic downturn or recession, natural disasters and global health crises (Ritchie, 2004). Tourism entrepreneurs should see the need to develop innovativeness, resilience and adaptive strategies that will assist in navigating these unexpected shocks or crisis

in tourism industry. Ability to invest in employee training and development, embracing new technologies, and continuously monitoring customer feedback will go a long way to sustain their businesses and it will further contribute to the economic development, create employment opportunities, and preserve local cultures and traditions.

2.2 Empirical review

Firdaus *et al* (2022) examined the role of the entrepreneurship mindset and spirit in building a tourism business in Indonesia post COVID-19. This study examines the variables related to the entrepreneurial mindset and spirit, while the dependent variable is increasing business performance through moderating variables, namely self-motivation of entrepreneurs in rebuilding tourism businesses after COVID-19. The research method used in this research is descriptive quantitative research method using path analysis. In this study the independent variable is related to mindset and entrepreneurial spirit while for the dependent variable, namely the variable business performance improvement and the moderator variable is the variable self-motivation from entrepreneurs in rebuilding tourism businesses post-covid-19, data analysis using AMOS 18 and the data taken is data on the number of entrepreneurs in the Indonesian tourism industry in 2016-2020. Partially, the variables of mindset and entrepreneurial spirit have a significant effect on the variables of increasing business performance and self-motivation. Simultaneously, the variables of mindset and entrepreneurial spirit have an effect on the variable of increasing business performance through self-motivation variables. Through the results of research that has been stated that with a good mindset in carrying out the business that will be built by thinking about what business concepts will be developed after being slumped by COVID-19, plus increasing the spirit of entrepreneurship will improve performance in business for entrepreneurs in the tourism industry, increasing Performance is due to an increase in self-motivation in carrying out and turning his business into a successful business.

Ndana (2023) examined the influence of an entrepreneurial mindset on a performance of small medium and micro enterprises (SMEs) in the informal sector in Bloemfontein. The study aims to measure the effect of entrepreneurial thinking on key performance metrics, such as profitability, innovation, and sustainability, in the setting of informal SMEs by utilizing both quantitative and qualitative analysis. It is expected that the research's conclusions will make significant contributions to both academic research and useful policies, providing suggestions for encouraging and maintaining an entrepreneurial attitude among informal sector SMEs. To lay the groundwork for future studies and policy interventions, this dissertation aims to close the current knowledge gap regarding the interplay between an entrepreneurial attitude and the performance of small and medium-sized enterprises (SMEs) in informal sector areas.

2.3 Theory Framework

Resources-Based View Theory

The Resource-Based View (RBV) posits that an organization's sustained competitive advantage stems from its ability to effectively utilize unique resources and capabilities that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). Within the context of entrepreneurial mindset and tourism, this theory underscores the role of innovation, creativity, and resilience as strategic resources that enable businesses to adapt and thrive in dynamic environments. The entrepreneurial mindset plays a pivotal role in driving the sustainability of small tourism businesses in Osun state, Nigeria. Rooted in principles of innovation, resilience, and opportunity recognition, this mindset equips tourism entrepreneurs with the capability to navigate economic uncertainties, political disruptions, and post-pandemic recovery challenges.

By leveraging unique resources such as innovative marketing strategies, diverse service offerings, and advanced technologies, small tourism entrepreneurs enhance their competitive edge while promoting sustainable tourism practices. Grounded in the Resource-Based View, this approach highlights the importance of cultivating entrepreneurial traits as strategic assets to achieve long-term growth, environmental stewardship, and community engagement within the dynamic Osun state tourism ecosystem (Barney, 1991; McGrath and MacMillan, 2000).

3.0 Methodology

This study employs a survey research design, conducted in the Osun state, Nigeria. The population of the study consist of 1,160 (516 hotels, 254 event centers, 147 eateries, and 243 clubhouses and bars) tourism businesses in Osun state as provided by Osun State tourism board, 2024. The sample size for this study is 297 small tourism businesses. Taro Yamane (1976) formula was used to determine the sample size. The study adopted both purposive and convenience sampling techniques. The purposive method ensured that only staff directly involved in strategy formulation and operational decision-making were selected, while the convenience approach allowed the researcher to reach employees who were readily available and willing to participate during the data collection period.

Data were gathered primarily through a structured questionnaire designed on a 5-point Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1). The instrument was validated by experts in management research, and reliability was established using Cronbach's Alpha, with all constructs exceeding the acceptable threshold of 0.70, confirming internal consistency. The collected data were analyzed using Partial Least Squares Structural Equation Modelling (PLS-SEM) with the aid of SmartPLS 4.0 software.

4.0 Test of Hypotheses

The table below showed the path coefficients, t-values and p-values used to test the hypotheses of the study:

Table 5: Path Coefficient of the Model

Variables	Beta	T Statistics (O/STDEV)	P Values	Decision	F ² Value
Innovativeness -> Entrepreneurial Mindset	0.029	0.275	0.683	Accepted	0.000
Adaptability -> Entrepreneurial Mindset	0.603	11.129	0.001	Rejected	0.276

Notes: ***($P < 0.01$), **($P < 0.05$), *($P < 0.1$)

Source: SMART-PLS Output, 2025

Hypothesis One

Ho1: Innovativeness has no significant effect on the entrepreneurial mindset that influences the sustainability of small tourism businesses in Osun State.

The result of the test, as shown in Table 5, revealed that innovativeness positively and insignificantly affected the entrepreneurial mindset influencing the sustainability of small tourism businesses in Osun State, with $\beta = 0.029$ and $p = 0.683$. Thus, hypothesis one was supported and therefore accepted at a 5% level of insignificance. There is adequate evidence to accept the null hypothesis, and the study therefore concludes that innovativeness has a

positive and insignificant effect on the entrepreneurial mindset influencing the sustainability of small tourism businesses in Osun State.

Hypothesis Two

Ho2: Adaptability and resilience have no significant effect on the entrepreneurial mindset that influences the sustainability of small tourism businesses in Osun State.

The result from Table 5 shows that adaptability and resilience have a positive and significant effect on the entrepreneurial mindset influencing the sustainability of small tourism businesses in Osun State, with $\beta = 0.603$ and $p = 0.001$. Thus, hypothesis two was not supported and therefore rejected at a 5% level of significance. There is adequate evidence to reject the null hypothesis, and the study therefore concludes that adaptability and resilience have a positive and significant effect on the entrepreneurial mindset influencing the sustainability of small tourism businesses in Osun State.

5.0 Discussion of Findings

Innovativeness positively and insignificantly affected the entrepreneurial mindset influencing the sustainability of small tourism businesses in Osun State. This suggests that while innovative approaches may contribute to creativity and business ideas, they may not yet have a substantial impact on sustainability outcomes in the sector. This finding aligns with that of Adeleke and Ojewale (2024), who found that innovativeness has a positive but insignificant effect on SME performance in Oyo State. However, the result contradicts the finding of Uster et al. (2024), who established a statistically significant positive relationship between innovativeness and SME performance in NWSC-Rukungiri District.

Conversely, adaptability and resilience have a positive and significant effect on the entrepreneurial mindset influencing the sustainability of small tourism businesses in Osun State. This implies that the ability of business owners to adapt to changes and withstand challenges is essential for maintaining a sustainable business. This finding is consistent with Eze et al. (2024), whose study revealed a strong positive and significant relationship between adaptability, resilience, and SME performance in Nigeria. However, the finding differs from that of Okechukwu et al. (2024), who found that adaptability and resilience have a negative but insignificant effect on business performance.

6. Conclusion and Recommendations

Based on the finding that innovativeness positively and insignificantly affected the entrepreneurial mindset influencing the sustainability of small tourism businesses in Osun State, it can be concluded that while innovativeness may provide some benefits for creativity and new ideas, it alone may not be sufficient to drive significant improvements in sustainability outcomes. Additional support mechanisms or complementary strategies may be necessary to enhance the impact of innovativeness on sustainability.

The conclusion from the finding that adaptability and resilience have a positive and significant effect on the entrepreneurial mindset influencing sustainability is that these traits are crucial for small tourism businesses in Osun State. The positive and significant impact suggests that adaptability and resilience contribute meaningfully to enhancing business performance, productivity, and sustainability.

- i. Based on the finding that innovativeness positively and insignificantly affected the entrepreneurial mindset influencing sustainability, it is recommended that small tourism businesses in Osun State should integrate structured innovation programs with mentorship and strategic collaborations to maximize the benefits of innovative practices.
- ii. Small tourism businesses should strengthen adaptability and resilience through targeted training, scenario planning, and the development of crisis management strategies. Encouraging a culture of flexibility and proactive problem-solving can help enhance sustainability outcomes.

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