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Research Article

Perspective Diversity and Innovation Performance in Entrepreneurial Teams in Selected Small and Medium Enterprises and Startups in Sokoto State

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Abstract - *This study examines the impact of perspective diversity on innovation performance within entrepreneurial teams in small and medium enterprises in Sokoto State. Entrepreneurial ventures often depend on collective creativity and effective teamwork to achieve innovation outcomes. However, differences in viewpoints and cognitive styles among team members can both enhance and hinder their performance. This study examines how different viewpoints foster creativity using information/decision-making theory and upper echelons theory, with emphasis on the mediating functions of trust and team communication. One hundred and eighty to three hundred (180–300) members of entrepreneurial teams were given a standardized questionnaire utilizing stratified sampling across sectors (tech, services, and manufacturing) in order to guarantee representation across sectors. The research integrates recent empirical and review findings on team diversity, cognitive diversity, and innovation to offer actionable guidance for entrepreneurs and policymakers seeking to leverage diversity for competitive innovation. As a result, the study concludes that perspective diversity is positively correlated with innovation performance in entrepreneurial teams and that the relationship between diversity and creativity is mediated by communication quality and trust. Therefore, the study recommends encouraging entrepreneurship programs that prioritize diversity and collaborative creativity as well as inclusive team-building techniques to utilize various ideas for entrepreneurs.*

Keywords - *Perspective Dynamics, Innovation Performance, Entrepreneurial Teams, SMEs.*

I. INTRODUCTION

In today's dynamic business landscape, entrepreneurial teams are crucial drivers of innovation and competitiveness. Increasingly diverse workforces and entrepreneurial collaborations provide a wide range of perspectives, experiences, and knowledge bases that can enhance creativity and decision-making. Entrepreneurial groups are essential to Nigeria's economic development and innovation. These associations are crucial to small and medium-sized enterprises (SMEs), which account for around 96% of Nigeria's commercial landscape and produce nearly 48% of the country's GDP (Timothy, 2021; Geidam & Yahaya, 2020).

Entrepreneurial teams are crucial for launching and expanding innovative enterprises where innovation performance is the ability to create, develop, and deploy novel goods, processes, or business models, which determines survival and growth. Due to their ability to impact the growth of new companies, entrepreneurial teams in particular are receiving more attention for their diversity and complexity (Wright & Vanaelst, 2009). However, while perspective diversity can foster novel ideas and innovation, it can also generate misunderstandings, interpersonal conflict, and decision paralysis if not properly managed. Perspective diversity is seen as one of the main forces behind team creativity and invention, which is defined as variances in how team members see, reason, and solve problems (cognitive frames, functional expertise, life/industry experience). However, according to empirical evidence, the situation is more complicated: although diversity may enhance quality of decision making and range of ideas, it also may cause conflict and coordination cost when the integration mechanisms fail. Based on the recent systematic reviews, the focus is placed on the need to consider

the enabling processes (e.g. knowledge sharing, inclusion) and the boundary conditions (e.g. leadership) that define whether diversity can lead to the increase in the innovation in the entrepreneurial environment. Collaboration is especially important for Nigerian entrepreneurs to navigate the business environment's inherent challenges, such as poor infrastructure and limited access to funding. For startups that operate in resource-constrained environments, cooperative actions within teams allow members to distribute risks and consolidate resources (Pauer, Matzler & Herrmann, 2024). According to Kamm et al. (1990), there is a substantial lack of information in the literature about the formation of entrepreneurial teams and the relationship between team makeup and the growth of new businesses. Since then, a growing corpus of study has concentrated on team-level problems in order to investigate the elements that contribute to venture success, but it is still rather small (Ensley, Pearson & Amason 2002).

However, this study seeks to explore how perspective diversity influences innovation performance among entrepreneurial teams, particularly in developing economy contexts where entrepreneurship is vital for economic growth (Sokoto State understudy). Hence, the study is structured into five sections: the brief introduction, research questions and hypotheses as the first section, the literature review is presented in Section two, with concepts of study variables and the theoretical underpinnings. The third section is the methodology, which discusses the research design, population, sample size, and sampling technique used in the study. Section four is the analysis and presentation of the data collected. While the last section consists of the summary, findings, and recommendations of the study.

Specifically, the study proposes that perspective diversity positively relates to innovation performance via enhanced team communication and trust. Hence, the study addresses this research question:

i. How does perspective diversity influence innovation performance in entrepreneurial teams?
ii. Do team communication and trust mediate the relationship between perspective diversity and innovation performance?

Hence, the following null hypotheses were formulated to guide the study:
H_0: Perspective diversity is positively related with innovation performance in entrepreneurial teams.
H_1: Team communication and trust mediate the relationship between perspective diversity and innovation performance.

II. LITERATURE REVIEW

This section presents the conceptual framework of the study variables as well as the theoretical underpinnings of the study.

A. Concept of Perspective Diversity

Diversity definitions are shifting from demographic categories to include non-demographic characteristics such as perspectives, values, and cognitive approaches. This broadening reflects how dominant groups strategically frame diversity to encompass “perspective diversity,” as cited by Zhang and Kirby (2024). Perspective diversity therefore focuses more on differences of deep level (cognitive styles, frames of problems and knowledge of domain) as opposed to surface level indicators (age, gender, etc.). Therefore, researchers suggest that this cognitive and functional diversity offers a more fruitful source of heuristics and knowledge and can stimulate the production of divergent ideas and more effective problem-solving as long as the team successfully combines conflicting views.

El Boghdady (2025) asserts that perspective diversity will grant that scholars of diverse intellectual traditions as well as methodological approaches engage researchers in innovation by focusing on equality, diversity, and inclusion (EDI) in research. It is positioned as a key towards the development of knowledge and in solving international problems. However, it also denotes the range of perceiving, interpreting, and tackling problems by team members due to their background, experience, education, gender, culture, and cognitive styles. However, it focuses on the deep-level diversity differences of thought patterns and mental models, unlike surface-level diversity (e.g., age, gender). It then turns out to be the incorporation of diverse cognitive, experience and disciplinary perspectives into organizational and research settings.This evolution reflects a move away from purely demographic diversity toward recognizing the value of different ways of thinking and knowing.

B. Perspective Diversity and Innovation

Although there is a generally good association between perspective diversity and innovation success, the influence is mitigated by elements such as leadership and corporate culture. Although some research suggests an inverted U-curve effect where modest levels of variety are most advantageous, studies demonstrate that diversity improves creativity, problem-solving, and the chance of innovation. In the end, an inclusive atmosphere and efficient management techniques are the greatest ways to maximize the benefits of varied viewpoints on creativity.

In diversity management and innovative work behavior, Elamin, Aldabbas, and Elabdin (2024) assert that effective diversity management increases employee engagement, which mediates the link between perspective diversity and innovative practices in organizations. Recent researches (2024-2025) show the existence of a definite and positive correlation between diversity of perspective and innovation. Those organizations that are vigorous in introducing a large variety of perspectives are more likely to generate higher creativity and characterize collaborative relations, as well as attain more long-term innovative types. Yet, these benefits are only fully realized when diversity is managed effectively, also ensuring that differing perspectives are meaningfully integrated rather than marginalized.

C. Mediating Role of Team Communication and Trust

Effective communication enables the sharing and integration of diverse ideas. Trust ensures open expression of viewpoints and reduces defensive behaviors. Both serve as bridges between diversity and innovation. According to recent studies, trust serves as a foundation for sustainable collaboration and long-term innovation; it builds psychological safety, allowing employees to share unconventional ideas. Diverse ideas can be shared and integrated when there is effective communication; hence, open communication of opinions guaranteed by trust will also lessen defensive actions. Meanwhile, they both serve as links between diversity and creativity. According to recent research, trust is essential for long-term creativity and continuous teamwork since it fosters psychological safety and allows employees to share new ideas. As a result, it increases organizational commitment, which influences the results of innovation. Thus, among the performance criteria at the team level were team effectiveness, team productivity, and team stability. Members' assessments of their team may be crucial because if they have a bad opinion of it, the team may disband (Foo, 2011). Some research employed self-rated team productivity (Davis, Aldrich, & Longest, 2009) and self-rated team effectiveness (Chowdhury, 2005; Foo, Sin, and Yiong, 2006; Foo, 2011) as team-level performance metrics.

Team stability, which is typically gauged by team member arrival and departure, is another team-level performance metric (Ucbasaran et al. 2003; Hellerstedt, Aldrich, and Wiklund 2007). The overall amount of human capital in an entrepreneurial team is correlated with team member entry or departure, according to Ucbasaran et al. (2003). In focusing on organizational trust & employee outcome, Chen, Ahlstrom, and Uen (2025) found that trust enhances affective commitment and organizational citizenship behavior, mediating the link between leadership and performance. The mediating role of team communication and trust is well established because they transform leadership and diversity into innovation and performance gains. Organizations that invest in transparent communication channels and cultivate trustful environments are more likely to achieve sustainable innovation.

D. Innovation Performance in Entrepreneurial Teams

Innovation is a vital key performance indicator for entrepreneurial teams, especially in Nigeria’s competitive market. It is the capacity of the team to come up and execute new ideas, products or services that will distinguish them in the market against other players. Innovative successful teams are better placed to win customers and have competitive advantage (Nnajiubah, 2024). Innovation performance is therefore the aptitude of a team to convert ideas into new product, services or processes, which enhance the competitiveness and growth. In entrepreneurial contexts, innovation determines sustainability and market differentiation. The ability of an entrepreneurial team to create, develop, and execute new concepts, goods, or procedures that boost growth and competitiveness is reflected in their innovation performance. An entrepreneurial team is defined by Kamm et al. (1990) as two or more people who work together to start a business in which they have a financial stake. Gartner et al. (1994) expanded their definition to include those who directly affect a company's strategic decisions. The

majority of research on entrepreneurial teams has considered team diversity as an input variable that affects the effectiveness of entrepreneurial teams.

Ahuja and Lampert (2001), along with Nerkar and Roberts (2004), describe innovation as the process of leveraging existing resources and recombining established knowledge into novel outcomes. This process generally unfolds in two stages. Initially, firms concentrate on a narrow set of approaches to transform their current expertise and assets into profitable, value-driven products. Subsequently, they must continue to acquire fresh and diverse knowledge, which provides the groundwork for future technological progress (Miller, Fern, & Cardinal, 2007). As a result, cultivating diverse innovation teams and initiatives becomes essential for sustaining profitability and ensuring long-term competitiveness. Some gaps exist regarding performance measurement in entrepreneurship research. First, studies using firm-level measures of performance have usually adopted a cross-level design in which individual or team-level characteristics were used to explain firm-level performance (Davidsson 2007). However, as firm-level performance is influenced by a wide range of factors, such as interest rates or regulations, many of which cannot be controlled by the individual team's qualities, team-level variables should have a stronger relationship to team-level performance.

E. Theoretical Framework

This study will be anchored on two main theories as follows:

a. Upper Echelons Theory (Hambrick & Mason, 1984)

Here, team members' backgrounds and experiences shape organizational outcomes. Team members' backgrounds and cognitive biases influence organizational outcomes. The impact of TMT diversity on different organizational outcomes was especially examined by upper echelons theory (Hambrick and Mason 1984). According to this hypothesis, TMT variety improves performance in unstable situations rather than stable ones. It primarily focuses on the diversity of observable traits (demographic and informational) in TMTs. Although the conceptual distinction between entrepreneurial and TMTs limits the usefulness of TMT studies for entrepreneurial research (Wright and Vanaelst 2009), the literature reviewed in this study includes empirical studies in TMT literature as long as the samples included entrepreneurial teams. Team members' backgrounds and cognitive biases influence strategic choices and organizational outcomes; in entrepreneurial teams, foundational cognitive heterogeneity shapes venture innovation trajectories.

b. Information/Decision-Making Theory

This theory by Herbert A. Simon (1916–2001) that argues that various teams can utilize more knowledge, viewpoints, and techniques of problem solving that can result in higher performance in innovation. But too much diversity without integration processes can cause a cognitive conflict and decrease the cohesion. Various cognitive views broaden the information and heuristics that can be used in problem solving and enhance the quality of decisions made and the potential of innovating when combined. The different opinions enhance quality of decisions and innovation where they are handled well. The theory goes further to indicate that heterogeneous teams win over homogeneous teams since they present non-redundant information and other differing views but the benefit is not realized until teams exchange information, merge opinions and ensure that they are psychologically saftey. Empirical work highlights inclusion and knowledge sharing as mediators between cognitive diversity and creative outcomes. Trust reduces defensiveness, encourages risk-taking with novel ideas, and facilitates sustained collaboration necessary for innovation.

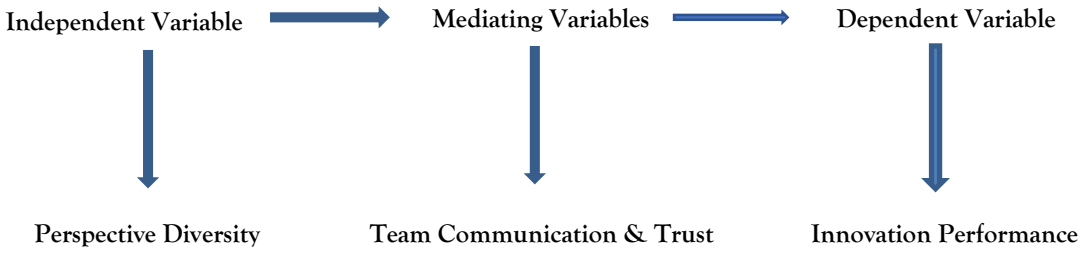

Figure 1. Conceptual Model of the Study

III. METHODOLOGY

A cross-sectional quantitative survey design is used for the study. The study targets entrepreneurial teams in SMEs and startups across selected enterprises in Sokoto State. The population will therefore include entrepreneurial teams comprising founders, co-founders, managers, and key employees. A stratified random sampling technique is used to ensure representation across sectors (tech, services, and manufacturing). Therefore, one hundred and eighty to three hundred (180–300) entrepreneurial teams (a team is defined as 3+ members working jointly on venture tasks) were given structured copies of the questionnaire, which is thus directed to multiple team members and aggregated to team-level measures for key constructs using a Likert scale (1–5). It will be adopted to measure perspective diversity (cognitive, functional, and demographic diversity scales), team communication and trust, and innovation performance. Data was analyzed using regression analysis or Structural Equation Modeling (SEM) with SPSS or SmartPLS. The mediation effect was tested using bootstrapping techniques. The reliability & validity show a Cronbach's alpha tech, services, and manufacturing for each scale (acceptable ≥ .70; .80+ preferred). A composite reliability (CR) and AVE if using PLS-SEM; CR > .70 and AVE > .50 were recommended.

IV. MATERIALS AND METHODS

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A. Definition of Variables

- Perspective Diversity: Measured as team-level cognitive and functional diversity—e.g., calculate Ryan & Krueger style indices from member self-reports of functional expertise, problem-solving style, and domain knowledge; or use validated cognitive diversity scales (adapted).
- Innovation Performance: Multi-item scale capturing product, process, and business-model innovation outcomes (subjective, team-reported; can be supplemented with objective indicators where available).
- Team communication & Trust: Established multi-item scales (e.g., team communication quality; Mayer/Dirks-inspired trust scales).

V. RESULTS AND DISCUSSION

A. Discussion of Findings Subheadings

Based on existing empirical studies and reviews:

The findings of the first hypothesis show that perspective (cognitive/functional) diversity has a positive association with innovation performance across entrepreneurial teams, particularly when measured as variety rather than separation. Meta-analytic and team-level studies emphasize cognitive variety as particularly relevant for innovation outcomes.

The findings of the second hypothesis show that communication quality and trust will mediate the diversity–innovation link. Prior team research shows that diversity enhances creativity primarily through improved knowledge flow and psychological inclusion; where knowledge sharing is weak, diversity's benefits are muted.

Alternative/conditional findings: The positive effects are liable to be weakened or even inverted when the teams have not developed integration processes, or are subjected to severe time/market pressures; recent "dark side" reports of entrepreneurial team diversity show instances (e.g., early-stage, high-conflict ventures) where diversity could add to the chance of failing. Therefore, the practice should emphasize management recommendations that facilitate inclusion and coordination.

VI. CONCLUSION

Perspective diversity offers entrepreneurial teams a powerful resource for innovation when combined with strong communication and trust that encourages inclusion and idea integration. The model of cognitive variety associated with innovation performance through communication and trust, which is enhanced by the upper echelons theory, suggested in this study is a response to the current demands of the literature to investigate innovation performance at the team level and mechanism-based research. The research adds to the knowledge of how entrepreneurs would turn differences into a competitive edge that can be used to sustain innovation. The primary focus of this research is how and when team diversity could improve entrepreneurial effectiveness. The composition of entrepreneurial teams is traditionally seen as a fundamental feature that affects the subsequent performance of start-ups fighting in highly competitive, fast-changing markets, making this issue crucial. The mechanism that connects team diversity and entrepreneurial team performance has not been investigated either theoretically or empirically, despite the general interest in entrepreneurial teams. Thus, findings will help entrepreneurs and policymakers design team composition and leadership development interventions that convert diverse perspectives into sustained innovative advantage.

A. Recommendations

The following are recommended for the study:

- Recruit intentionally for cognitive variety, not only demographic differences—hire complementary problem solvers and domain experts.
- Invest in communication practices and psychological safety organized knowledge-sharing meetings, cross-functional problem-solving workshops and inclusive decision protocols.
- Integrates information/decision-making and upper-echelon perspectives at the entrepreneurial-team level.
- Offer an integrative framework linking cognitive diversity, communication, and innovation outcomes.

B. Practical & Theoretical Implications

- For Entrepreneurs: Promotes inclusive team-building strategies to leverage diverse ideas.
- For Scholars: Expands the discussion on team-level dynamics in innovation and entrepreneurship.

C. Limitations & Future Research

- Cross-sectional design limits causal claims longitudinal or experimental designs are recommended.
- Measurement challenges: operationalizing perspective diversity at the team level is still a problem; construct validation (qualitative coding of cognitive frames) may be enhanced with mixed-method validation.
- Context specificity: Effects may vary by industry, national culture, and venture stage future work should test boundary conditions (e.g., market dynamism, resource scarcity). Recent studies emphasize heterogeneity and call for contextualized designs.

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