

## Effect of Entrepreneurial Orientation on Performance of Selected Small and Medium Scale Enterprises in Ogun State Nigeria

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**ABSTRACT:** Small and Medium Scale Enterprises (SMEs) are catalysts for reducing poverty, improving household welfare, and the engine room for economic growth and development in Nigeria, yet the poor entrepreneurs orientation of pro-activeness, competitive aggressiveness, innovativeness, risk taking initiative and autonomy has made it pretty difficult for small and medium scale enterprises to thrive and perform their roles as economic change agents and engine for industrial development. Therefore, this study aimed to examine the effect of entrepreneurial orientation on performance of small and medium scale enterprises (SMEs) in Ogun State, Nigeria. Survey research design was employed for this study. The population was 1794 registered SMEs in Ogun state, Nigeria. The sample size was 412 which were determined using Cochran's sample size determination technique. Out of total 412 questionnaires distributed, 386 were filled and returned. This represents a response rate of 93.69%. Set of questionnaire on entrepreneurial orientation and performance of SMEs were self-administered for the collection of the primary data. A pilot study was carried out to test the validity and reliability of the research instrument using Cronbach Alpha reliability test which revealed the coefficient ranging from 0.735 to 0.885. The data collected were analyzed using both descriptive and inferential statistics.

The findings of this study revealed that Entrepreneurial Orientation (EO) has positive effect on performance ( $R^2 = .759$ ;  $F_{(5,380)} = 243.951$ ;  $p < 0.05$ ). Pro-activeness has positive significant effect on growth ( $\beta = 0.527$ ;  $R^2 = 0.358$ ;  $t_{(385)} = 14.622$ ;  $p < 0.05$ ), positive significant effect of competitive aggressiveness on competitive advantage of SMEs. ( $\beta = 0.973$ ;  $R^2 = 0.294$ ;  $t_{(385)} = 12.636$ ;  $p > 0.05$ ), entrepreneurial innovativeness has a positive significant effect on quality product/service with ( $\beta = 0.720$ ;  $R^2 = 0.363$ ;  $t_{(385)} = 14.807$ ;  $p > 0.05$ ). Also, Risk taking initiative has positive significant effect on profitability with ( $\beta = 0.797$ ;  $R^2 = 0.460$ ;  $t_{(385)} = 18.152$ ;  $p < 0.05$ ), entrepreneurial autonomy had positive significant effect on customers' satisfactions with ( $\beta = 0.682$ ;  $R^2 = 0.481$ ;  $t_{(385)} = 18.852$ ;  $p < 0.05$ ).

The study concluded that entrepreneurial orientation affected performance of SMEs in Ogun State, Nigeria. The operators in this sector of the economy should see entrepreneurial orientation as a necessity for enhancing business performance. It was therefore recommended that Small and medium scale enterprises should embrace the entrepreneurial orientation dimensions of pro-activeness, competitive aggressiveness, innovativeness, risk taking and autonomy to increase business performance. Government should encourage facilitation of workshops and seminars for SMEs operators in order to help their innovativeness and competitive aggressiveness for better performance. Also, technology incubation centres should be established to nurture entrepreneurship.

**KEYWORDS:** Entrepreneurial Orientation, Performance, Pro-activeness, Profitability, Small and medium scale enterprises.

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### I. BACKGROUND

The performance of small and medium scale enterprises (SME) has been critical to Practitioners, Researchers, Educators, Policy makers and all other Stakeholders. Globally SMEs sector is important, as they are an engine for jobs creation and blooming of economy, they are considered as backbone of much of economies (Wymenga, Spanikova, Barker, Konings, & Canton, (2012 al.; 2012). SMEs, dominate the worlds business stage. Although, the precise up-to-date are difficult to obtain, more than 95% of enterprises across the world are SMEs (OECD, 2005). SMEs have the propensity to employ more labour intensive production process than larger enterprises (Bakar & Zainol, 2015). Meanwhile, the current trend of global business environment has resulted into tight competition and this has become unavoidable for SMEs, it has serious impact on them, despite their size. They are under pressure at the local or domestic markets because of cheap importation and foreign competition as well as lack of entrepreneurs' initiative and innovation to scan and exploit opportunities to

achieve competitive edge. Also, it was discovered that entrepreneurial activities are more effective in one country than the other due to lack of Entrepreneurial Orientation (EO) among entrepreneurs (Aziz, Hasnain, Awai, Shahzadi & Afza 2017).

SMEs in developing countries have made high contribution towards employment generation, poverty alleviation and decreasing economic disparity but the economic contribution of SMEs in the developing countries is far behind compared to developed countries (Altenburg and Eckhardt, 2006 ; Emine, (2012). However, the sector of SME in the developing countries faces many constraints such as the technological backwardness, and entrepreneurial capabilities, unavailability information and insufficient use of information technology and poor product quality. Likewise, SMEs represents above 90% of the enterprises and make up 50 to 60% of employment in African countries and the contribution of the Small and Medium Scale Enterprises (SMEs) sector to the Nigerian economy shows that it is a strategic engine for economic growth and development of the nation and create employment opportunities to teeming population because of their level of creativity, innovation and utilisation of local raw materials that do not need high level technology process, they contributed about 20% to 45% full employment and equally contributed about 30% to 50% to rural income earners which are mostly house-holds. (Akhtar, Ismail, Hussain & Rehman, 2015; Hussain, Ismail, Ebitu, Basil & Ufo, 2016; Shah, 2015).

Despite the stated contributions of SMEs to the Nigerian economy, they have not played the expected vital and dynamic role in the economic growth and development of Nigeria, because the environment of small and medium-sized enterprises in Nigeria is changing and the technological development, the rareness of resources and lack of entrepreneurial orientation have endangered the stability and predictability that characterized its market and performance (Smedan, 2013; Wassim, 2015).

Therefore, it has been globally acknowledged, that entrepreneurial orientation has been identified as a remedy to the challenges facing businesses that desire to attain performance. It is one of the tools to enhance SMEs' performance and EO Companies with entrepreneurial orientation can respond to challenges effectively and properly in a competitive and dynamic environment. (Neneh, 2016; Roxas & Chadee, 2013; Shane & Eckhardt, 2003). Also, EO is one of the most widely used concepts in strategy literature for enhancing firm performance Neneh, & Van Zyl, (2014), and Syed, Muzaffar, and Minaa (2017) opined that entrepreneurial orientation is innovative, risk-taking and proactive behaviour of entrepreneurs. While, Sok, Snell, & Lee, (2017) added to EO dimensions, innovativeness, risk-taking, autonomy, pro-activeness, and competitive aggressiveness which help organizations to succeed. Also, performance is associated with innovativeness, pro-activeness and risk-taking behaviour of the firm, which refers to entrepreneurial orientation (EO) Covin, Green & Slevin (2015). Consequently, the role of EO has not been fully exploited, and there is limited research dedicated to the field of business enterprises regarding the development of enthusiasm of EO among SMEs in developing economies like Nigeria. Therefore, the study seeks to investigate the effect of entrepreneurial orientation on the performance of selected small and medium scale enterprises in Ogun state, Nigeria.

## **1.2 Statement of the Problem**

Several studies have been conducted in relation to entrepreneurial orientation and SME performance with mixed and inconsistent results because Amin (2015), Baker, Mahmood and Ismail (2015), Brownhilder and Johan (2017), Civelek, Rahman and Kozubikova (2016), showed positive effect while Fairoz, Hirobumi and Tanaka, (2010), Rauchi, Wilkhund, Lumpkin and Freese (2009) showed negative result, hence the need for the study on entrepreneurial orientation on

The small and medium scale enterprise sector all over the world are more prone to failure due to the bad qualities possessed by the businesses, their owners and managers, also because they do not possess the same degree of preference for innovation, pro-activeness, competitive aggressiveness and risk-taking (Ayeni-Agbaje & Osho, 2015). Also there are urging problems such as lack of entrepreneurs proactive actions, lack of long-term planning of products, operations, employees, competition, inability to engage in new ideas and creative processes, unwillingness of management to take risk, lack of intention to leave comfortable position to pursue novel ideas, failure to have competitive advantage over the competitors, lack of customer satisfaction, low growth and profits rate and finally, lack of information technology and training still constricts entrepreneurs from contributing maximally to the performance of the small and medium scale enterprises (Ayeni-Agbaje & Osho, 2015) Octache & Mahmood, (2015).

In Nigeria especially Ogun State, entrepreneurial ventures have a low survival rate as entrepreneurs start businesses but are unable to turn them into sustainable businesses. Also, most new SMEs in Nigeria do not move from the first stage of existence to other stages such as survival success, take off and resource maturity (Fatoki, 2012). All over the world as well as in Nigeria and Ogun State in particular, several characteristics, factors and problems stated above have been identified to be key determinants of lack of SMEs performance and macroeconomic consequences of such problems include poverty, unemployment, increase in inflation and other macroeconomic challenges and low performance (Prijadi, et.al 2017), therefore, it is necessary to establish

an understanding of key entrepreneurial orientation and business practices that can help in the understanding and promotion of SMEs for better performance.

## **II. LITERATURE REVIEW**

Masters and Meier (2013) defined entrepreneurial orientation as the policies and practices which enable a firm to adopt an entrepreneurial position when facing new business opportunities. Entrepreneurial orientation refers to a firm's strategic orientation and capturing of specific aspects of decision-making styles, methods and practices all of which indicate the entrepreneurial posture of the firm (Pratono&Mahmood, 2015).. EO is a strategy-making process based on entrepreneurial actions and decisions (G Tom Lumpkin & Dess, 1996). It is the integration of entrepreneurship and strategic thinking. EO is considered as a firm critical strategic posture that contributes to firm's performance (Jambulingam, Kathuria, & Doucette, 2005). Entrepreneurial orientation is a process construct and refers to the processes, practices, and decision-making activities that lead up to a new business venture (Odhiambo, 2015). Entrepreneurial orientation is a firm-level behaviour that makes a firm have the propensity to innovate, take risks, and become proactive (Callaghan & Vente, 2011). It also implies to the strategy making processes that provide organizations with a basis for entrepreneurial decisions and actions, it reflects the methods, practices and decision-making styles managers use to act entrepreneurially. The advantage of entrepreneurial orientation was to possess the ability to discover and exploit new market opportunities Wiklund and Shepherd (2013) and companies with entrepreneurial orientation can respond to challenges effectively and prosper in a competitive and dynamic environment (Shane & Eckhardt, 2003). Meanwhile, the disadvantage of EO is that there has been no significant or widely acknowledged adaptation as to how entrepreneurial orientation construct can or should be conceptualized since the publication of Lumpkin, et.al. (2010) work. Also, some researchers defined entrepreneurial orientation as decision-making styles, processes, and methods, as a form of strategic orientation, but entrepreneurial orientation should be considered more as an attitude within the firm rather than being product oriented. Thus, there are different views on entrepreneurial orientation in literature (Engelen, Gupta, Strenger & Brettel, 2015; Lumpkin & Dess 1996; Real, Roldain & Lean 2014; Wiklund & Shephard, 2013; Wieland & Flavel, 2015).

### **Pro-activeness**

According to Alvarez and Barney (2012), entrepreneurial pro-activeness is the ability of the firm to predict where products/services do not exist or have become unsuspected valuable to customers and where new procedures of manufacturing are unknown to others become feasible. Kirzner (1997) calls it "flashes of superior insight". The pro-active company focuses on the past, the present and the future with equal zeal, using history to explain and fully understand the present and to challenge and create its own proactive future (Osaze, 2013), again, Barney (1991) defines entrepreneurial pro-activeness as the ability of the firm to predict where products or services no longer bring added value to customers or do not exist. Also, the first mover's advantages identified by Mark, (2005) concur with a definition of pro-activeness offered by Dess and Lumpkin, (2005), in that pro-activeness involves recognizing changes and having the willingness to act on those insights ahead of competitors in an attempt to gain higher profits.

The characteristics of pro-activeness relates to a determined pursuit of identified market opportunities by an organization, aimed at introducing new product or technology in its industry before others, that is being an industry leader rather than follower is an essential feature that characterizes a proactive firm (Rauch, Wiklund, Lumpkin & Frese, 2009). Also, proactive firms are most likely to act and respond first to threats coming from its business environment as well as making the first move towards seizing market opportunities. From the foregoing, it is inferred that pro-activeness is an active response, a forward looking perspective and a business strategy capable of giving firms that adopts it an edge over its competitors (Agca, Topal & Kaya, 2009).

### **Competitive Aggressiveness**

Bleeker (2011) defined competitive aggressiveness as a more general managerial disposition reflected in an enterprise's willingness to desire, take on and to dominate competitors through a combination of innovative efforts and proactive moves. Competitive Aggressiveness refers to how enterprises "respond to trends demand and "relate to competitors" that already exist in the marketplace" with regard to competitors Orientation (Chalchissa, & Bertrand, 2017; Deakins & Mark, 2012). Bleeker (2011) also defined aggressiveness as a more general managerial disposition reflected in an enterprise's willingness to take on and desire to dominate competitors through a combination of proactive moves and innovative efforts. Smith & Tushman (2005) stated that within this diverse stream of research that addresses a variety of interrelated areas including competitive responses, multi-market competition, and the impact of a firm's prior performance, competitive aggressiveness has been characterised and associated with a wide range of dimensions, including Porter's generic strategies (2013), first-mover advantages and Montgomery & Lieberman, 1988). firm's aggressiveness could be characterized by its willingness to be unconventional rather than rely on traditional

methods of competing through reactive or responsive behaviour Wang, (2008). Reactiveness involves a direct reaction to a competitor's action, for example, a firm might slash prices and sacrifice profitability to maintain its market share when a competitor introduces a new product to the chosen market. In contrast responsiveness may take the form of head-to-head competition or direct attack on competitors, such as when a firm enters a market where a competitor is already present. Therefore, competitive aggressiveness is needed to battle intense acute competition posed by rivals, (Lumpkin, Cogliser & Schneider 2010). It is a way of engaging with its competitors, distinguishing between companies that shy away from direct competition with other companies and those that aggressively pursue their competitors' target markets, Schillo (2011).

### **Innovation**

Silas and Joyce (2017) defined Innovation as the willingness to depart from existing technologies or practices and the creation or adoption of an idea or behaviour new to the organization, and venturing beyond that current state which resulted in new products and services. Innovation strategy is a key driver for the performance of small and medium scale enterprises (SMEs) by applying a culture of innovation in a strategic and structured way and it is a form of organisational mindset and a specific set of capabilities that drive innovation activity Olaniran, Muturi and Narnusonge (2016). Also innovativeness is the intentional generation, promotion and realization of new ideas within a work role, workgroup or organization by an employee in order to benefit role performance, the group or the organization (Gilbert, 2018; Margaret, Patrick & Dennis, 2009). Innovative work behaviour is defined as individual's behavior aiming to achieve the initiation and intentional introduction of new and useful ideas, processes, products or procedures and also a propensity to adopt new ideas that lead to the development and the launch of new products (Rubera and Kirca, 2012). Lisetchi and Brancu (2013), away from direct competition with other companies and those that aggressively pursue their competitors' target markets.

Furthermore, Innovation is an important component of a firm's strategy mainly because it constitutes one of the principal means through which it can seek new business opportunities (Lumpkin and Dess, 2011). Also, SMEs are highly innovative than large enterprises and they can reach productivity levels above those of large companies. But, innovativeness is cumbersome and can be stressful because it entails an employee figuring out new ways to accomplish tasks, thinking in alternative ways, searching for improvements, applying new work methods looking for new technologies, investigating and securing resources to make new ideas happen (Akpan & Akpan, 2011).

### **Risk-taking**

Verbano & Venturin, (2013) defined risk taking as an enterprise's willingness to seize an entrepreneurial opportunity, it involved an enterprise's willingness to tolerate uncertainty, even though it has no guarantee or way of knowing if the venture will be successful or not and again, risk-taking is an entrepreneurial quality that refers to the firm's willingness to break away from the true-and-tried, and venture into the unknown. Also, risk taking is defined as "the perceived probability of receiving rewards associated with the success of a situation that is required by the individual before he/she will subject himself/herself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation" (Brockhaus, 2013). Risk-taking is simply taking bold actions to commit significant resources to opportunities and new markets having a reasonable chance of costly failure with uncertain outcomes and these risks are typically manageable and calculated (Otieno, Bhisu & Kihoro, 2013; Taylor, 2013; Magaji, Baba & Entebang, 2014). On a business level, risk-taking refers to the tendency to support projects with uncertain expected returns (Walter, Auer & Ritter, 2006). Three types of risks were identified namely, business Risks associated with entering new markets or supporting unproven technologies, Financial Risks relating to heavy borrowing or committing a significant amount of resources for growth, the financial exposure required and the risk/return profile of the new venture (Dess & Lumpkin, 2010). Also, Risk taking is an important tool that provides opportunities to new inventions and building of new markets (Kuhn & Marisck, 2010).

### **Entrepreneurial Autonomy**

Entrepreneurial Autonomy is defined as the ability to proceed with independent action and to make decisions by an individual or a team directed at bringing about a new venture, a business concept or vision and seeing it to fruition, without any restrictions from the organization (Lumpkin & Dess, 1996; Rauch, Wiklund, Lumpkin & Frese, 2009; Lumpkin, 2009) Ismail, (2014). Autonomy refers to independent action in terms of "bringing forth an idea or a vision and carrying it through to completion", including the concept of free and independent action and decisions taken (Lumpkin, et. al 2010). Entrepreneurs are associated with more of a degree of freedom in combining and organizing resources and the success of a firm dependent on the level of autonomy exhibited by the entrepreneurs (Lumpkin, Cogliser, & Schneider, 2009). According to Coulthard (2007), an advantage of Autonomy is a significant factor for improving performance in existing firms, autonomy

in EO flourishes when independent minded people leave comfortable positions to pursue novel ideas. Autonomy has encouraged organizational players by granting freedom and involved the use of champions to promote entrepreneurial activity and protect new idea creators from the undesirable judgment. There is no difference between the micro, small and medium firms in terms of the need for autonomy. Hence, it suggests that autonomous decision making is the same regardless of the firm size Ismail (2014).

### **Firm Performance**

Firm performance is an extensively used concept in many areas. Performance is defined as a measure of how well a mechanism or a process accomplishes its objective. Performance is the accomplishment of a task according to the standard of accuracy, cost, speed and completeness (Al-Dhaafri, Al-Swidi, & Yusoff, 2016). Performance is claimed to be a multidimensional and complex construct that has been measured using an array of indicators (Lumpkin & Dess, 1996, Stam, Souren, & Elfring, 2013). SMEs Performance is the accomplishment of a task according to the standard of, cost, speed accuracy and completeness (Al-Dhaafri, Al-Swidi, & Yusoff, 2016), and it is an important topic that needs to be studied. In organizational point of view, performance means how well the organization is managed and the value the organization or firm delivers for customers and other stakeholders (Wu & Zhao, 2009; Ibidunni, Olokundun, Oke, & Nwaomonoh, (2017). There is a general opinion that the use of growth as a measure of firm performance is based on the understanding that growth is an antecedent to the attainment of sustainable competitive advantages. Sales growth rate was used to capture firm performance because EO is essentially a growth orientation (Fitzsimmons, 2005; Lumpkin & Dess, 1996). Therefore, it is appropriate to measure the effectiveness of EO by using an indicator that reflects the success of a firm at converting entrepreneurial opportunities into growth road maps (Simon, Stachel & Covin, 2013). The belief is that firms that are undergoing growth phases have higher rates of survival and they enjoy the benefits associated with economies of scale which in turn will affect their profitability (Fitzsimmons, 2005).

### **Underpinning theory**

This study adopted Resource based theory because it provided a robust basis to the study on the effect of entrepreneurial orientation on the performance of small and medium scale enterprises more than the other theories. The proponents of RBV are Wernerfelt (1984); Barney (1991) in their work on firm resources and sustained competitive advantage. The theory states that a business organisation must have valuable, rare, inimitable and non-substitutable resources to have a sustainable competitive advantage, and these resources includes everything internal to the organisation. Under the theory of the firm, the resource-based view was produced in which an enterprise is defined as the summation of strategically important resources where everything matters. Choices matter, the leader matters, the culture matters, the values matter, random events matter, and so on which assist in determination of advantages of long-term competitive strength. Resource-Based View is often related to entrepreneurial orientation performance and growth since the analysis of orientation of entrepreneur's values in terms of pro-activeness, risk taking and autonomy has become one of the most important estimation tools in the last decade for enterprise performance and competitive strength as well as innovation.

### **Entrepreneurial Orientation and SMEs Performance**

Wijetunge and Pushpakumari (2013) stated that the relationship between entrepreneurial orientation and SME performance has been extensively discussed conceptually and empirically. Several studies report a positive relationship between the five EO dimensions and performance. As a result, many studies have investigated the link between and effect of EO on firm's performance making it a popular area of study (Callaghan & Vente, 2011; Engelen, Gupta, Strenger, & Brettel, 2015; Real, Roldán, & Leal, 2014; Sabrina & Benjamin, 2015) also the relationship between entrepreneurial orientation (EO) and export performance through a model in which environmental dynamism, hostility and uncertainty played an antecedent role for EO was examined by Syed, Muzaffar, and Minaa (2017) and analysed the impact of three dimensions of entrepreneurial orientation over the performance of manufacturing sector SME's in Punjab, Pakistan. The level of EO was direct in the dominant part of SMEs in Punjab and there was a noteworthy relationship between innovativeness, pro-activeness, risk taking, and performance of SMEs. Noteworthy positive relationships have been reported showing a positive impact of all the three dimensions that have been studied. The findings facilitated EO construct empirically, related to business performance of manufacturing sector SMEs in Punjab. The findings showed that the manufacturing sector of SMEs can perform better if they put their efforts on innovation, likewise, if they are pro-active to market changes they can maintain their performance by maintaining their position in the market. Lastly, risk taking is vital for the growth and performance of SMEs in the manufacturing sector. When the SMEs have to invest in innovation they are exposed to risk which seems to be beneficial for the survival and growth.

Similarly, the study of Asad, Sharif, and Hafeez (2016), and Ishola, Olaleye, Ajayi&Femi (2013) empirically assessed the relationship between entrepreneurial orientation, networking capability, institutional environment factors and export performance of 235 Nigerian agricultural firms. The result affirms that there is a strong positive relationship between entrepreneurial orientation, networking capabilities, institutional environment factors and the export performance of agricultural sector SMEs in Nigeria, and the results suggested that the ability of agricultural SMEs to be proactive, innovative, take risks, manages its networking capabilities and institutional environment factors; all having a direct impact on the export performance of Nigerian Agricultural SME's. Also, Zulkfli&Rosli (2013) examined the effect of EO on firm performance in Malang and the results confirmed that that EO has a very strong relationship with organizational performance. Corroborating the above, MakindeandAsikhia (2017)revealed positive influence ofentrepreneurial characteristics and orientation on the performance of the business. Other researchers that have reported positive relationships include (Wiklund, 2009; Wiklund& Shepherd, 2005; Zahra &Covin, 1995). However, there are also studies that contradict this statement, which stated that some EO dimension had negative impact or no impact at all on performance (Matsuno, Zhu& Rice, 2014)

### III. METHODOLOGY

This study employed survey research design and Multi-stage sampling technique was adopted by finding the total population of SMEs in Ogun state, then, narrow it down to senatorial district, then to the local government region after which the total population of all registered SMEs in the region were considered. Thereafter the study employed simple random sampling to select sample size in proportion to the total number of registered SMEs from each localgovernment in the senatorial district (Ogun central, Oguneast and Ogun west). Set of well-structured questionnairesand primary source were used for data collection. Adopting survey research design was necessitated as a result of the nature of the study and the characteristics of the respondents, it extensively describes the effects between the variables and it was the most frequently used research design approach in entrepreneurial studies.(Ariyo, 2005, Asikhia, (2010), Ogbuanu, Kabuoh&Okwu (2014). The population for this research comprised of1,794 Small and Medium Scale Enterprises that are registered with SMEDAN and are operating in Ogun state as at 2013, and total sample size was 412.Out of the 412 firms randomly sampled, only 386 (93.69%) responded to the questionnaire. The instrument was administered among the owner-managers, managers and employees of various SMEs and data were analysed using the descriptive and inferential analysis

**Ho:** Entrepreneurial Orientation has no significant combined and relative effect on performance of selected small and medium scale enterprises in Ogun state, Nigeria.

#### Model Specification

$$Y = \alpha_0 + \beta_1PA + \beta_2CA + \beta_3INN + \beta_4RIT + \beta_5EA + \mu_i$$

Where, Y=Firm performance, PA=Pro-activeness, CA=Competitive Aggressiveness. INN-Innovativeness, RIT=Risk taking initiative. EA=Entrepreneurial autonomy

Based on a multiple regression representation of variables, we have

Where:  $\alpha$  = the constant of the equation

$\beta$  = the coefficient of the independent variable

$\mu$  = the stochastic value, error term or values that account for change but are not part of the survey at present

### IV. DATA ANALYSIS AND FINDINGS.

The results of the analysis are presented in the following table 1 showing the effect of Entrepreneurial Orientation Dimensions on Firm Performance

**Table 1: Multiple Regression Results between EO Dimensions and Performance**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
6	(Constant)	7.474	4.991		1.498	.135		
	Pro-activeness	.575	.159	.121	3.618	.000	.558	1.791
	Competitive Aggressiveness	-.234	.252	-.035	-.928	.354	.440	2.273
	Innovativeness	.386	.210	.081	1.841	.066	.326	3.069
	Risk Taking Initiatives	1.182	.258	.226	4.582	.000	.257	3.890
	Autonomy	3.098	.236	.563	13.141	.000	.341	2.934

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
6	.873 <sup>a</sup>	.762	.759	10.702	1.683
<b>a. Predictors: (Constant), Autonomy, Competitive Aggressiveness, Pro-activeness, Innovativeness, Risk Taking Initiatives</b>					
<b>b. Dependent Variable: Performance</b>					

Model		Sum of Squares	Df	Mean Square	F	Sig.
6	Regression	139698.966	5	27939.793	243.951	.001 <sup>b</sup>
	Residual	43521.492	380	114.530		
	Total	183220.459	385			
<b>a. Dependent Variable: Performance</b>						
<b>b. Predictors: (Constant), Autonomy, Competitive Aggressiveness, Pro-activeness, Innovativeness, Risk Taking Initiatives</b>						

Source: Field Survey Data (2018)

### Interpretations

Table 1, shows a multiple regression results of the effect of pro-activeness, competitive aggressiveness, and innovativeness, risk taking initiative and autonomy on the performance of the selected small and medium scale enterprises in Ogun State, Nigeria. The results of regression analysis show that the Adjusted R<sup>2</sup> is 0.759 implies that pro-activeness, competitive aggressiveness, innovativeness, risk taking initiative and autonomy explain 76.2% of the variations in the performance of the selected small and medium scale enterprises. The proposed regression model fitted the data well as it was statistically significant at F<sub>(5,380)</sub> is 243.951 and calculated probability is 0.001 (F<sub>(5,380)</sub> = 243.951, p<0.05).

This indicates that the regression of pro-activeness, competitive aggressiveness, innovativeness, risk taking initiative and autonomy on the performance of the selected small and medium scale enterprises is statically significant at p<0.05 level of significance. Also, Durbin Watson (DW) test was 1.683 which is within the 1.5 and 2.5 recommended value for independent observations. Therefore, there was no autocorrelation. Of the five dimensions of EO investigated in this study, Pro-activeness ( $\beta = 0.575$ ,  $t = 3.618$ ,  $p < 0.05$ ), Risk Taking Initiatives ( $\beta = 1.182$ ,  $t = 4.582$ ,  $p < 0.05$ ), and Autonomy ( $\beta = 3.098$ ,  $t = 13.141$ ,  $p < 0.05$ ) had a positive and significant contribution to the performance of the selected small and medium scale enterprises while competitive aggressiveness ( $\beta = -0.234$ ,  $t = -0.928$ ,  $p > 0.05$ ) and Innovativeness ( $\beta = 0.386$ ,  $t = 1.841$ ,  $p > 0.05$ ) had negative and positive insignificant contribution respectively to the performance of the selected small and medium scale enterprises in Ogun State. The results show that ( $\beta = 0.575$ ,  $t = 3.618$ ,  $p < 0.05$ ), Risk Taking Initiatives ( $\beta = 1.182$ ,  $t = 4.582$ ,  $p < 0.05$ ), and Autonomy ( $\beta = 3.098$ ,  $t = 13.141$ ,  $p < 0.05$ ) significantly predict performance of the selected small and medium scale enterprises in Ogun State while competitive aggressiveness ( $\beta = -0.234$ ,  $t = -0.928$ ,  $p > 0.05$ ) and Innovativeness ( $\beta = 0.386$ ,  $t = 1.841$ ,  $p > 0.05$ ) did not significantly predict performance of the selected small and medium scale enterprises in Ogun State. The established regression equation was as follows:  
 $PER = 7.474 + 0.575PRO + 1.182RTI + 3.098AT$

Where: PER= Performance of the selected small and medium scale enterprises

PRO= Pro-activeness

RTI= Risk Taking Initiatives

AT= Autonomy

The regression equation above shows that holding all the independent variables (pro-activeness, competitive aggressiveness, innovativeness, risk taking initiative and autonomy) to a constant zero, performance of the selected small and medium scale enterprises would be 7.474. The findings also show that taking all other independent variables at zero, an increase in Pro-activeness would cause about 0.575 increases in performance of the selected small and medium scale enterprises. The findings also show that taking all other independent variables at zero, an increase in risk taking initiatives would cause an increase in performance of the selected small and medium scale enterprises by 1.182 levels. Also, an increase in autonomy would cause an increase in performance of the selected small and medium scale enterprises by 3.098. Moreover, an increase in competitive aggressiveness would cause a decrease in performance of the selected small and medium scale enterprises by -0.234 values. Further, an increase in innovativeness would cause an increase in performance of the selected small and medium scale enterprises by 0.386 values which are not statistically significant. From the analysis, some of the regression coefficients for Pro-activeness, Risk Taking Initiatives, and Autonomy were significant and also statistically different from zero while the regression coefficients of competitive aggressiveness and innovativeness were not significant and also not statistically difference from zero as shown in Table. This revealed that autonomy has the strongest ability to contribute to the performance of selected small and medium scale enterprises in Ogun State, The results are mixed. Based on the results, null hypothesis six (H<sub>06</sub>) which states that pro-activeness, competitive aggressiveness, innovativeness, risk taking initiative and autonomy have no combined significant effect on the performance of the selected small and medium scale enterprises in Ogun State, Nigeria is rejected.

## V. DISCUSSION

The finding of hypothesis Six revealed that Entrepreneurial Orientation Dimensions; Pro-activeness, competitive aggressiveness, innovativeness, risk taking initiative and Autonomy have significant combined effect on the performance of the selected small and medium scale enterprises in Ogun State, Nigeria.

This result agrees and added value to the existing findings of Lumpkin et.al 2010 which stated that small and medium scale enterprises (SMEs) are an important component of an economy and proposes a framework that links elements of EO with performance evaluation of SME and the result showed a positive relationship between the five construct and performance of SMEs. Consistent with this study is Kraus, Rigtering, Hughes & Hosman (2012) which examined the impact of financial resources and the analysis involved in all the dimensions of EO such as competitive aggressiveness, autonomy, pro-activeness, innovativeness, and risk-taking. The results showed a positive relationship between the five construct and performance of SMEs and that university educated micro entrepreneurs were more innovative and autonomous compared with lower educated micro-entrepreneurs. The results further revealed that younger micro firms are more proactive, innovative and willing to take risks than the older micro firms.

Also supporting this study, Khurum, Syed, Muhammad, Iram and Muhammad (2017) which proposed a framework for empirical testing on different dimensions of entrepreneurial orientation, (innovativeness, proactivity, risk-taking, autonomy and competitive aggressiveness) and the result positively influence the performance of the SMEs of Pakistan. In the same vein, Rauch, Wiklund, Lumpkin and Frese (2009), Otieno (2012), Mahmood and Hanafi (2013), showed that entrepreneurial orientation has a significant effect on firm performance of SMEs in terms of sales growth, profitability and overall firm performance of women-based SMEs in Malaysia, Singapore and in Kenya. It is also in consonance with the study of John, Micheal and Cassiu (2017) which was designed to investigate the survival strategies for small and medium scale enterprises in Africa with particular reference to Nigeria and the result reveals that the variables of entrepreneurial orientation (Innovation, risk taking and pro-activeness) have significant positive influence on SME's survival and performance of SMEs.

Aligning with the finding above is the result of Yusuff, Razak, Zainol, Hassan's (2018) study the results statistically supports the entrepreneurial orientation roles in stimulating the usage of support services. In other words, the performance of the firm was influenced by direct contact between entrepreneurial orientation and the use of external support services. It also shows that the entrepreneurial orientation was able to improve the effectiveness of the utilization of the services. This means that entrepreneur with high entrepreneurial orientation have more chances to gain benefit from the services.

Equally, Syed, Muzaffar, and Minaa (2017), analysed the impact of three dimensions of entrepreneurial orientation over the performance of manufacturing sector SME's in Punjab, Pakistan and the result showed positive effect on performance and also showed that manufacture sector of SMEs, if put their efforts on innovation can perform better, likewise, if they are pro-active to market changes they can maintain their performance by maintaining their position in the market and that risk taking is vital for the growth and performance of SMEs in the manufacturing sector. Furthermore is the study of Fredrick, Birech, Loice and Omwono (2018), John, Micheal, and Cassiu (2017), Umaru and Obeleagwu (2014), Owoseni & Adeyeye (2012), Muthee- Mwangi and Ngugi (2014) the result revealed that Innovativeness, pro-activeness, and risk taking have a significant impact over business performance of manufacturing sector SMEs, the results of this study reveal a relationship between the independent variables and the dependent variable.

Similarly, Musthofa, Sugeng, Naili and Ngato (2017) which seeks to make contribution to literature on a conceptual model of effect of entrepreneurial orientation on business performance, provided empirical evidence of the importance of entrepreneurial orientation in achieving superior business performance. Results of the study proved that firstly, innovative entrepreneurial orientation has significant effect on business performance; second, proactive entrepreneurial orientation has insignificant effect on business performance, and third, risk-taking entrepreneurial orientation has significant effect on business performance

Hence is the study of Innocent, Paul and Amaka (2017), which showed that five entrepreneurial orientation dimensions as identified in the literature were not exhibited by SMEs in the study area. The entrepreneurial orientation dimensions exhibited by SMEs in Abuja in order of importance were: autonomy, pro-activeness, innovativeness, and risk-taking. The entrepreneurial dimension of competitive aggressiveness was not demonstrated by SMEs in Abuja. Innovativeness was the only entrepreneurial orientation dimension out of the five that exerted a positive and statistically significant relationship with the performance of SMEs. However, the other three dimensions of entrepreneurial orientation: pro-activeness, risk-taking, and autonomy exerted a positive and insignificant relationship with the performance

However, study of Fairoz, Hirobumi and Tanaka, (2010) which focused on entrepreneurial orientation and business performance of twenty five manufacturing SMEs in terms of innovation, pro-activeness and risk-taking did not align with the above and showed no significant relationship among innovativeness, pro-



activeness, risk-taking and overall entrepreneurial orientation with sales growth, profit, employment growth and owner/manager satisfaction.

Likewise the Findings of this study is in congruence with that of Matchaba-Hove and Goliath (2007) which investigated the level of EO of young-adult owned small businesses in the Nelson Mandela Bay of South Africa and established the influence of this EO on their business performance entrepreneurial orientation was assessed on the basis of the five dimensions of pro-activeness, innovativeness, competitive aggressiveness, autonomy and risk-taking while business performance was measured by the twin indices of financial growth due to increasing profits and turnover (sales). The study revealed a mixed result and found that a significant positive relationship exists between pro-activeness, innovativeness and autonomy and business performance while no statistically significant relationships were found between competitive aggressiveness and risk taking and the dependent variable performance.

From the above findings therefore, it could be established that the contribution of these variables in order of importance to the performance of SMEs are, autonomy, risk taking, pro-activeness, innovativeness and competitive aggressiveness. The results further emphasised the earlier finding in the study when the variables were analysed independently. Although, the cost and the risk of using all the orientation construct may be high but the resultant effect would add value to the business enterprise. It could then be said that the combination of all the entrepreneurial orientation constructs, if effectively utilised by SMEs in Ogun state, Nigeria, there would be an improvement in the performance of SMEs and this would dovetail to the economic growth of developing countries.

Based on the findings and the supporting literatures, the null hypothesis which states that entrepreneurial orientation has no significant combined and relative effect on performance of the selected small and medium enterprises in Ogun state, Nigeria was rejected.

## **VI. CONCLUSION**

The study concluded that there was positive statistically and significant effect of entrepreneurial orientation on SMEs performance entrepreneurial of small and medium scale enterprises in Ogun State, Nigeria with the result of the Multiple regression analysis which showed that the regression coefficients for Pro-activeness, Risk Taking Initiatives, and Autonomy were significant and also statistically different from zero and at  $p < 0.05$  level of significance while the regression coefficients of competitive aggressiveness and innovativeness were not significant and also not statistically different from zero and at  $p < 0.05$  level of significance, therefore the results are mixed and based on the results, null hypothesis six ( $H_{06}$ ) which states that pro-activeness, competitive aggressiveness, innovativeness, risk taking initiative and autonomy have no combined and relative significant effect on the performance of the selected small and medium scale enterprises in Ogun State, Nigeria was rejected.

The implication of the result is that the creation of innovative solutions or new product lines and services, as well as their competitive aggressiveness advancement, are not regarded as an important factor for performance, while the level of autonomy of employees and pro-activeness of entrepreneurs can be assumed to be higher, also implementation of new strategies, plans or investments in new business segments have a positive relationship to a firm's performance, and enterprises is to encourage employees to take risks with new ideas.

It is therefore, recommended that small and medium scale enterprises should embrace the entrepreneurial orientation dimensions of autonomy, pro-activeness, risk taking, competitive aggressiveness and innovativeness to increase business performance and SMEs operators should adopt autonomy by encouraging employees to be autonomous and be free to take initiative for the best interest of the organization and use periodic appraisal to monitor them based on the result which will increase firm performance, also, Government, especially Ogun State, Nigeria should encourage facilitation of workshops and seminars for SMEs operators in order to help their innovativeness and competitive aggressiveness for better performance. Also, technology incubation centres should be established to nurture entrepreneurship

We suggest that future studies should investigate the interplay of the EO dimensions further, and consider antecedents, moderators, mediators and performance outcomes. Additionally, we recommend taking cultural, situational and psychological factors into consideration, as these factors could explain and verify our results. Finally, it might be interesting to test our hypotheses in further countries and other state of Nigeria

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