

Entrepreneurial Orientation and Micro, Small and Medium Enterprises (MSMES) Performance in Abia State, Nigeria

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Abstract: The study examines the effect of entrepreneurial orientation (EO) on micro, small and medium enterprises (MSMEs) performance in Abia State, Nigeria. Using survey research design, through the administration of structured questionnaire to the chief executives of some selected MSMEs in Abia State, Nigeria. The findings revealed that innovativeness, risk-taking, proactiveness, autonomy, achievement and learning orientations are the critical dimensions of EO driving MSMEs performance in Abia State, Nigeria. While competitive aggressiveness does not significantly affect MSMEs performance. The adjusted R² revealed that EO dimensions account for 61% variation in MSMEs performance in Abia State, Nigeria. It can therefore be concluded that EO positively and significantly affects MSMEs performance in Abia State, Nigeria. The study contributes to the literature on EO, by examining EO from seven dimensions (innovative, risk-taking, proactive, autonomy, achievement, competitive aggressiveness and learning orientations). MSMEs should develop their innovative, risk-taking, proactive, autonomy, achievement and learning orientations toward attaining increased revenue.

Keywords: Entrepreneurial Orientation, MSME, Revenue, Innovation, Abia State, Nigeria.

1. Introduction

Micro, small and medium enterprises (MSMEs) are important to economic growth, sustainability and development of any economy. Scholars have not been able to reach a consensus on what constitutes MSMEs, as its determinants vary across nations, and even within the same economy. Eze, Powel and Kolawole (2016) posit that in explaining the domain of MSMEs, researchers usually employ some quantifiable metrics, such as: capital, assets, annual turnover, paid employees, profitability, among others.

According to Small and medium enterprises development agency of Nigeria (SMEDAN) (2007) micro enterprises are business entities that have less than ten employees with asset (excluding land and building) below five million naira. Small enterprises are business entities that have between ten to forty nine employees with asset (excluding land and building) of between five million naira and less than fifty million naira. SMEDAN (2007) perceived medium enterprises as business entities that have between fifty and one hundred and ninety nine employees with asset (excluding land and building) of between fifty million and less than five hundred million naira. According to the National Bureau of Statistics (NBS, 2016), Nigeria has 37, 067,416 MSMEs, operating in various sectors of the Nigeria economy and across the thirty six state of the federation as well as the Federal Capital Territory. Abia state, which is one of the commercial nerve centers of the South East geo-political zone, has 904, 721 micro enterprises, 1,769 small enterprises and 40 medium enterprises, given a total of 906,530 MSMEs in Abia State, Nigeria (NBS, 2016). MSMEs accounts for 48% of the gross domestic product (GDP) of Nigeria and

employ about 60 million people in Nigeria (NBS, 2014).

The governments of Nigeria at federal, state and even local government levels have come up with series of programs to aid the growth and development of the MSMEs, but poor performance and business failure still persist among MSMEs in Nigeria. This might be because, most government interventions in Nigeria, majorly focus on the provision of funding opportunities. Wale-Oshinowo, Lebura, Ibidunni & Jevwegaga (2018) assert that micro and small enterprises are generally confronted with uncertainties and slimmer opportunities for survival and growth. Considering the intense competition between MSMEs and large firm as well as cheap imported products from Asia, particularly China, it therefore becomes necessary for MSMEs to have the right entrepreneurial orientation.

Scholars have found that entrepreneurial orientation (EO) positively and significantly affect firms' performance (Al-Swidi & Al- Hosam, 2012; Lu & Zhang, 2016; Arisi-Nwugballa, Elom & Onyeizugbe, 2016; Ogueze, Amah & Olori, 2017; Syed, Muzaffar & Minaa, 2017). However, most of the studies used Miller's (1983) three dimension of EO (innovation, risk-taking and proactiveness), while some other scholars employed Lumpkin and Dess (1996) five dimensions of EO (innovation, risk-taking, proactiveness, autonomy and competitive aggressiveness). Studies on MSMEs employing Krauss, Freese, Friedrich & Unger (2005) seven dimensions of EO are rare, in addressing this research gap, this study seek to examine the effect of EO on MSMEs performance, adopting the Krauss et al. (2005) seven dimensions of EO (innovation, risk taking, proactiveness, autonomy,

competitive aggressiveness, learning and achievement orientations).

The study is guided by the following specific objectives, to: Evaluate the effect of innovation orientation on MSMEs performance in Abia State, Nigeria. Ascertain the effect of proactive orientation on MSMEs performance in Abia State, Nigeria. Investigate the effect of risk-taking orientation on MSMEs performance in Abia State, Nigeria. Examine the effect of autonomy orientation on MSMEs performance in Abia State, Nigeria. Ascertain the effect of competitive aggressiveness orientation on MSMEs performance in Abia State, Nigeria. Evaluate the effect of learning orientation on MSMEs performance in Abia State, Nigeria. Investigate the effect of achievement orientation on MSMEs performance in Abia State, Nigeria. Examine the combined effect of entrepreneurial orientation dimensions on MSMEs performance in Abia State, Nigeria.

2. Literature Review

Entrepreneurial orientation (EO) gained prominence as a result of the work by Covin and Slevin (1989), which was an extension of previous works initiated by Miller and Khandwala (1977) and Miller (1983). Miller (1983) posits that 'an entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations beating competitors to the punch' (p. 771).

Ginsberg (1985) opines that EO is entrepreneurs' intent and inclination, that is, the dynamic entrepreneurial behavior, which can be described as risk-taking, autonomous, proactiveness

and innovation. Adesanya, Iyiola, Borishade, Dirisu, Olokundun, Ibidunni & Omotoyinbo (2018) opine that EO works better when all the elements are combined than as individual, for the contributions to have greater impact on the performance of enterprises.

EO was developed by Miller (1983) as consisting three dimensions: proactiveness, risk-taking and innovativeness. Lumpkin & Dess (1996) created a distinction between entrepreneurship and entrepreneurial orientation by positing that entrepreneurship focuses on what new entry is, while EO focuses on how to carry-out new entry. They added two additional dimensions (autonomy and competitive aggressiveness) to Miller's (1983) three dimension of EO. Krauss et al. (2005) extended the EO dimensions to seven by adding learning and achievement orientation. This study adopts Krauss et al. (2005) seven dimensions of EO, namely: innovation, risk-taking, proactiveness, competitive aggressiveness, autonomy, learning and achievement orientation.

EO is an important determinant in enterprise growth and profitability (Lumpkin & Dess, 2001) as well as enterprise overall performance (Al-Swidi & Al-Hosam, 2012; Campos & Valenzuela, 2013) and organizational competitiveness (Ogueze et al., 2017). EO equally significantly affects small and medium enterprises (SMEs) (Lu & Zhang, 2016; Arisi-Nwugballa et al., 2016). EO is essential for enterprise survival in a competitive environment as it enables enterprise to be aware of business challenges and to come-up with strategies to overcome such challenges and outperform competitors.

Ibidunni, Atolagbe, Obi, Olokundun, Oke, Amaihian, Borishade & Obaoye (2018) posit that the adoption of EO elements, particularly, proactiveness and autonomy enhances entrepreneurial competencies and enterprise performance.

Scholars have not been able to reach a consensus on the nature of EO dimensions, while some scholars believe that EO dimensions are unidimensional (co-vary), others are of the view that EO's dimensions do not correlate, that is, the dimensions are multidimensional (vary independently). In a meta-analysis study by Rauch, Wiklund, Lumpkin & Freese (2009), out of 51 studies employed for the analysis, 37 studies used EO as a construct that co-vary (unidimensional construct) while 14 studies used EO as a construct that vary independently (multidimensional).

This study treats EO as a multidimensional construct, because Lumpkin and Dess (2001) proposed that EO dimension should be studied as a multidimensional construct.

2.1 MSMEs Performance

Enterprise performance has been measured using various indicators. These indicators can be broadly divided into financial and non-financial performance measures. Financial performance measures include: profit, revenue, earning per share, dividends per share, return on equity, return on asset, among others (Kaplan & Norton, 1996). The non-financial performance measures include: market share, employees' satisfaction, efficiency, effectiveness, customers' satisfaction, workforce development, on time delivery, product quality, productivity,

among others (Ibrahim & Lloyd, 2011). Considering the fact that in Nigeria, most Micro enterprises do not keep record, and this micro enterprises account for over 95% of MSMEs in Nigeria. It therefore becomes very difficult to make use of most of the performance indicators. A preliminary study conducted in Aba North and Aba South local governments in Abia State by the researchers revealed that MSMEs in Aba North and Aba South keep records of revenues, in the form of sales book, distributors' ledger, among others. In view of this, revenue will be employed in measuring MSMEs performance in Abia State, Nigeria.

Dimensions of Entrepreneurial Orientation and Hypotheses Formulation

Innovation refers to the creation of new product, technique or market, Schumpeter (1934) identifies five kinds of innovations that describe enterprise actions: product innovation, business model innovation, process innovation, merger and divestment. Product innovation refers to the creation of a new good or service or the renewing of existing product. Process innovation is the introduction of a new technique of production or service delivery. Business model innovation refers to the creation of a new market for product; the identification of a new source of supply of raw materials. Mergers and divestments refer to the development of strategy to reposition the firm.

Studies have shown that innovative orientation positively and significantly affects MSMEs performance (Cassilas & Moreno, 2010; Wang & Yen, 2012; Arisi-Nwugballa et al., 2016; Swidi & Al-Hosam, 2016; Syed et al. 2017;

Duru, Ehidiemhen & Chijioke, 2018). Though Idowu (2013) found an insignificant relationship between innovation and enterprise performance in Nigeria, Lu and Zhang (2016) also found that innovativeness dimension of EO has no significant impact on the performance of SMEs in both China and South Korea. Considering the introduction of new product, technique and market that comes with innovation, it is expected that innovation should positively and significantly affect MSMEs performance. This lead to the first proposition:

H1: Innovative orientation positively and significantly affects MSMEs performance in Abia State, Nigeria

Proactiveness refers to a forward-looking and opportunity seeking orientation, which involves taking the lead in the introduction of new goods or services ahead of rivals, in expectation of gaining first-mover advantage. Wiklund and Shepherd (2003) opine that proactiveness gives enterprises the capability to introduce new products to the market ahead of competitors, which is also a source of competitive advantage. Proactive firms have the likelihood of leading than following in the creation of new products (Lumpkin & Dess, 1996).

Studies have shown that proactiveness enhances enterprise performance (Cassila & Moreno, 2010; Wang & Yen, 2012; Arisi-Nwugballa et al., 2016; Lu & Zhang, 2016; Swidi & Al-Hosam, 2016, Syed et al., 2017). Though, Ambad & Wahab (2013) found an insignificant relationship between proactiveness and large enterprises performance in Malaysia, and Duru et al. (2018) found that proactive

orientation does not significantly affect SMEs performance in Abuja, Nigeria. Considering the introduction of new product, technique and market ahead of competitors, which comes with proactive orientation, which is also a source of competitive advantage. It is therefore expected that proactive orientation should positively and significantly affect MSMEs performance. This lead to the second proposition:

H2: Proactive orientation positively and significantly affects MSMEs performance in Abia State, Nigeria

Risk taking involves taking audacious steps, by entering into uncertain environment, involving in heavy borrowing or using substantial resources towards undertaking unsure businesses. It includes both local and foreign environmental uncertainty. Zahra and Garvis (2000) opine that risk taking is an organization's disposition to shore up project that are novel irrespective of how uncertain such activities are. Hughes and Morgan (2007) posit that enterprises must develop their risk taking ability and put-up a challenge against the status quo to attain favorable performance. Extant literature has revealed that risk-taking orientation positively and significantly affects enterprise performance (Ambad & Wahab, 2013; Lu & Zhang, 2016, Syed et al., 2017). Some other studies found that risk-taking orientation does not have any significant effect on enterprise performance (Al-Swidi & Al-Hosam, 2016; Arisi-Nwugballa et al., 2016, Duru et al., 2018). This lead to the third proposition:

H3: Risk-taking orientation positively and significantly affects MSMEs performance in Abia State, Nigeria

Competitive aggressiveness refers to how enterprise positions itself to outperform competitors. It is a game plan to overcome rivals and involves the exploitation of industry information and responding to rivals in an aggressive way (Rauch et al., 2009; Arisi-Nwugballa et al., 2016). Scholars have studied the effect of competitive aggressiveness on firms' performance; Arisi-Nwugballa et al. (2016) found that competitive aggressiveness has positive and significant relationship with MSMEs performance in Ebonyi State, Nigeria. Boohene et al. (2012) also found that competitive aggressiveness is positively related to firms' performance in Cape Coast, Ghana.

However, Lumpkin and Dess (2001) found that competitive aggressiveness is not related to sales growth (revenue), which is the performance measure employed for this study. He however found that competitive aggressiveness enhance the performance of firms operating in hostile business environment. Nigeria feature prominently on the list of worst countries to do business in the world, which imply that the business environment in Nigeria is hostile and considering Lumpkin and Dess (2001) proposition that competitive aggressiveness enhances the performance of firms operating in hostile business environment, it then lead to the fourth proposition:

H4: Competitive aggressiveness orientation positively and significantly affects MSMEs performance in Abia State, Nigeria.

Autonomy orientation refers to workers inclination to enjoy some level of independence, firms with autonomy orientation gives its workers the authority to develop and implement new business ideas, which might lead to the correction of some business flaws. A study by Boohene, Marfo-Yiadom, & Yeboah (2012) found that autonomy has a positive relationship with enterprise performance. However, Arisi-Nwugballa et al. (2016) as well as Duru et al. (2018) found that autonomy do not have any significant relationship with MSMEs and SMEs performance in Ebonyi State and Abuja, Nigeria, this lead to the fifth proposition:

H5: Autonomy orientation positively and significantly affects MSMEs performance in Abia State, Nigeria.

Learning orientation refers to enterprise ability to develop their knowledge base as well as learning from experience in order to attain success. It is important for MSMEs to develop their knowledge base and learn from experience as this tends to improve their performance, this lead to the sixth proposition:

H6: Learning orientation positively and significantly affects MSMEs performance in Abia State, Nigeria.

Achievement orientation refers to enterprise and entrepreneurs as well as worker inclination to attain their set goals or life aspiration. Achievement orientation is an important orientation driving MSMEs to seek for better performance. This lead to the seventh proposition:

H7: Achievement orientation positively and significantly affects MSMEs performance in Abia State, Nigeria.

EO has been identified as an important determinant in enterprise growth and

profitability (Covin et al., 2006; Lumpkin & Dess, 2001) as well as enterprise overall performance (Al-Swidi & Al-Hosam, 2012; Campos & Valenzuela, 2013) and organizational competitiveness (Ogueze et al., 2017). EO equally significantly affects small and medium enterprises (Lu & Zhang, 2016; Arisi-Nwugballa et al., 2016). The eighth proposition therefore combines the seven dimensions of EO employed for this study and examines the combined effect of EO dimensions on MSMEs performance.

H8: Entrepreneurial orientation dimensions have combined positive and significant effect on MSMEs performance in Abia State, Nigeria.

2.2 Theoretical Framework

This study is anchored on the Schumpeterian theory of innovation and Zahra & Covin theory of EO. Duru, et al. (2018) posit that the Schumpeterian theory has significantly impacted research in entrepreneurial orientation and SMEs performance. The Schumpeterian theory of innovation postulates that entrepreneurship positively affects economic growth (Schumpeter, 1934). Kusumawardhani (2013) opines that entrepreneurship focuses majorly on innovation, as new and improved products are introduced, new and better techniques or process are implemented and new markets are identified, firm performance and economic growth will be enhanced.

The theory further postulates that the innovativeness, proactiveness and risk taking activities of business entities tend to improve their profitability and growth. Schumpeter (1934) differentiated intellectual capital from physical capital, and between

innovation and savings, he opines that innovation enhances intellectual capital, while savings enhances physical capital. It assumes that technological improvement results from innovative activities implemented by business entities motivated by profit motives, and that it involve 'creative destruction', which implies that innovation brings about the creation of new products, process or market, which gives its creator a competitive advantage over its business rivals; it renders some earlier innovations obsolete; and it is, in turn, most likely to be rendered obsolete by prospective innovations (Schumpeter, 1934).

The Zahra and Covin theory of entrepreneurial orientation postulates that business entities with EO have the opportunity of targeting premium market segment, charge high prices for products and out-perform competitors. Such business entities capitalizes on emerging opportunities, by monitoring market changes and responding quickly to market changes (Zahra & Covin, 1995). They further posit that a very strong relationship exist between EO and SMEs performance.

Zaahra & Covin (1995) further posit that the nature of the environment that the business entity operates in might be an important determinant. They observed that EO tends to be a better determinant for the performance of business entities operating in hostile environment than in a business friendly environment.

2.3 Empirical Review

Al-Swidi & Al-Hosam (2016) examined the effect of EO on the performance of Islamic banks in Yemen, using survey research design and analyzing the data

with partial least squares approach. The findings revealed that EO significantly affects the performance of Islamic banks in Yemen. They further found that innovative and proactive orientations are the key dimension of EO driving Yemeni banks' performance while risk-taking does not have any significant effect on Islamic banks performance in Yemen. The study fails to incorporate other dimensions of EO, like: Autonomy, competitive aggressiveness, learning and achievement orientations.

Lu & Zhang (2016) investigated the effect of customer orientation and EO on SMEs performance in China and South Korea, using survey research design. The findings revealed that proactiveness and risk-taking dimensions of EO have significant positive effect on the performance of SMEs, while innovativeness dimension of EO has no significant effect on the performance of SMEs in both China and South Korea. This study also fail to incorporate other dimensions of EO, like: Autonomy, competitive aggressiveness, learning and achievement orientations.

Arisi-Nwugballa, Elom & Onyeizugbe (2016) evaluated the relevance of EO on MSMEs performance in Ebonyi State, Nigeria, using survey research method. The findings showed that out of the five dimensions of EO employed for the study; innovativeness, proactiveness competitive aggressiveness orientations have positive and significant relationship with MSMEs performance, while risk-taking and autonomy orientations do not have any significant relationship with MSMEs performance in Ebonyi State, Nigeria. This study did

not capture learning and achievement orientations of EO as advocated by Krauss et al. (2005).

Ogueze, Amah & Olori (2017) studied the relationship between EO and organizational competitiveness, focusing on the hospitality industry in Portharcourt, Rivers State, Nigeria. The study employed survey research method. The findings reveals that the three dimensions of EO (innovative, proactive and risk-taking orientations) have positive and significant relationship with customers' and shareholders' values. The study fails to incorporate other dimensions of EO and the data should have been regressed to ascertain the effect of EO dimensions on customers and shareholders values.

Syed, Muzaffar & Minaa (2017) examined the effect of EO on manufacturing SMEs' performance in Punjab, Pakistan. Using survey research design, the findings revealed that the three dimensions of EO (innovativeness, proactiveness and risk-taking) all have significant effect on manufacturing sector SMEs' performance in Punjab, Pakistan. The study only considers three dimensions of EO, thereby excluding: autonomy, competitive aggressiveness, learning and achievement orientations.

Duru, Ehidihamhen & Chijioke (2018) evaluated the role of entrepreneurial orientation on the performance of small and medium enterprises in Abuja, Nigeria. Using survey research design, through the administration of structured questionnaire. Principal component analysis and multiple linear regressions were used to analyze the data. The findings showed that innovative orientation was the only EO dimension out of the five dimensions employed

that have positive and significant effect on SMEs performance in Abuja, Nigeria. The other four dimensions of EO (proactiveness, risk-taking, autonomy and competitive aggressiveness) all have insignificant effect on SMEs performance in Abuja, Nigeria. The study did not incorporate achievement and learning orientations.

3. Research Methodology

The survey research designed was employed for this study. According to NBS (2016) Abia state, which is one of the commercial nerve centers in South East, geo-political zone in Nigeria has 904, 721 micro enterprises, 1,769 small enterprises and 40 medium enterprises, given a total of 906,530 MSMEs in Abia State, Nigeria. The study employed the normal distribution sample estimation technique at 95 % confidence level and margin of error of 5 in arriving at a sample of 400 from the population of 906,530 MSMEs in Abia State, Nigeria. Well-structured questionnaire on a nine-point Likert scale ranging from 1 (minimum) to 9 (Maximum) was purposively administered on the Chief Executive Officers of MSMEs in the two local governments that constitute the commercial nerve centre of Abia State, these local governments include: Aba North and Aba South local governments, the reason for choosing these two local governments is because they account for the highest number of MSMEs in Abia State and the two local governments constitute the commercial and industrial city of Aba. The questionnaire was grouped into two sections: Section “A” was design to obtain the demographic data of the respondents, while section “B” was

design to obtain data for the dependent and independent variables.

The instrument (questionnaire) was validated using content validity index (CVI), through the assessment of five assessors that rated the instrument on a two-scale (relevant and not relevant). Using the CVI formula: n/N

Where;

n = number of questions rated as relevant
 N = total number of the questions

A CVI of 0.9243 was obtained, which indicated that the instrument is valid,

The reliability of the research instrument was tested using test-retest method. A pilot study was conducted, whereby the instrument was administered twice to ten chief executives of MSMEs in the neighboring city of Owerri, Imo State, Nigeria within an interval of two weeks, the result of the first pilot study was correlated with that of the second, which gave a value of 0.90, 0.88, 0.79, 0.92, 0.86, 0.82, 0.91, 0.89 for innovation, risk-taking, proactiveness, autonomy, competitive aggressiveness, learning, achievement and revenue respectively. Which according to Nunally (1978) indicates that the instrument is reliable.

Model Specification

The Model aggregated the dimensions of EO. It was estimated to examine how these variables jointly affect the performance of MSMEs in Abia State, Nigeria. The model addressed the main objective of the study, which is to examine the effect of EO on the performance of MSMEs in Abia State, Nigeria. The P-Value of the various dimensions was employed to ascertain their significance or insignificance, using a 5% level of significance (0.05).

The model specification is stated below:
 $PERF = \beta_0 + \beta_1 INV_i + \beta_2 PR_i + \beta_3 RT_i + \beta_4 AT_i + \beta_5 CA_i + \beta_6 LE_i + \beta_7 AC_i + e_i$

Where:

PERF represents Performance

β_0 is the constant term

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ are the coefficient of the estimator.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7 > 0$

INV= Innovativeness Orientation

PR= Proactiveness Orientation

RT= Risk-Taking Orientation

AT= Autonomy Orientation

CA= Competitive Aggressiveness Orientation

LE= Learning Orientation

AC= Achievement Orientation

e is the error term

The apriori expectation: it is expected that innovation, proactiveness, risk taking, autonomy, competitive aggressiveness, learning and achievement orientations will all have positive effect on the performance of MSMEs in Abia State, Nigeria; hence the parameters of innovation, proactiveness, risk taking, autonomy, competitive aggressiveness, learning and achievement orientations should all have a positive sign.

A total of 400 copies of questionnaires were administered to the targeted respondents, while 316 copies were returned and found useable, giving a 79% response rate, which is adequate for this study. Stata version 14 software was used to analyze the data.

4. Findings and Discussion

Tables 4.1. Micro, Small and Medium Enterprises (MSMEs) by State

STATE	MICRO ENTERPRISES	SMALL ENTERPRISES	MEDIUM ENTERPRISES
ABIA (Targeted state)	904,721	1,769	40
AKWA-IBOM	1,319,607	898	195
ANAMBRA	1,223,395	1,620	117
BAUCHI	944,503	2,039	27
BAYELSA	541,332	354	72
BENUE	1,479,145	1,146	22
CROSS RIVER	921,256	1,126	168
DELTA	1,536,158	1,444	-
EBONYI	577,216	1,206	4
EDO	898,084	1,879	118
EKITI	964,179	903	126
ENUGU	1,064,893	812	99
GOMBE	527,230	1,043	65
IMO	1,296,386	1,259	135
JIGAWA	820,001	1,022	75

KADUNA	1,635,453	2,712	170
KANO	1,794,358	7,790	496
KATSINA	1,216,604	1,256	99
KEBBI	692,104	898	91
KOGI	967,431	827	17
KWARA	717,909	164	62
LAGOS	3,224,324	11,044	619
NASARAWA	382,086	1,098	22
NIGER	977,240	1,258	100
OGUN	1,165,848	1,690	104
ONDO	1,026,770	1,805	194
OSUN	1,356,174	2,247	25
OYO	1,864,954	7,468	519
PLATEAU	786,504	2,070	110
RIVERS	1,749,911	2,981	41
SOKOTO	700,106	631	210
TARABA	513,973	891	69
ZAMFARA	722,360	577	16
FCT	482,365	2,244	446
Total	36,994,578	68,168	4,670
Grand total	37,067,416		

Source: National Bureau of Statistics Report (2016)

Table 4.2: Summary of the regression result that shows the individual and combined effects of the independent variables on the dependent variable.

(Dependent Variable – MSMEs Performance)

Variable(s)	Coefficient	P-Value
C	1.6121887	0.013
Innovative	.8033445*	0.000
Proactiveness	.3427634*	0.000
Risk Taking	.2657354*	0.003
Autonomy	.4834567*	0.000
Competitive	.0089953	0.902
Aggressiveness		
Learning	.3123654*	0.000
Achievement	.2815364*	0.002
R-Square =0.6375 Adj R-Square= 0.6144		
F-Statistics = 46.23 (0.0000)		
N.B: *: Significant at 5 percent level		

$$PERF= 1.61 + 0.80INV + 0.34PR + 0.26RT+ 0.48AT + 0.008CA + 0.31LE + 0.28AC$$

(0.013)* (0.000)* (0.000)* (0.003)* (0.000)* (0.902) (0.000)* (0.002)*

Authors’ computation from STATA 14

Source: Field survey (2018)

The result summary on Table 4.2 above revealed that combined EO dimensions have positive and significant effect on the performance of MSMEs in Abia State, Nigeria (F-stat= 46.23 *0.000). The coefficient of determination (R²) shows that EO dimensions account for 63% variation in MSMEs performance. Furthermore, the adjusted coefficient of determination (adjusted R²) suggested that 61% variation in MSMEs performance is accounted for by the combine EO dimensions. However, the t-value revealed that, innovativeness, risk-taking, proactiveness, autonomy, achievement and learning orientations are the critical dimensions of EO

driving MSMEs performance in Abia State, Nigeria. While competitive aggressiveness does not significantly affect MSMEs performance in Abia State, Nigeria.

Furthermore, the result revealed that innovativeness, autonomy and proactiveness have the most effect on MSMEs performance in Abia State, Nigeria. This might be as a result of the creative and independence disposition as well as the foresightedness of an average Igbo Man, that constitute the bulk of the MSMEs owners in Abia State, Nigeria.

5. Summary, Conclusion and Recommendation

The study examines the effect of EO on the performance of MSMEs in Abia State, Nigeria. The study employs survey research design, through the administration of structured questionnaire on the Chief Executives of MSMEs in Abia State, Nigeria. The findings revealed that innovativeness, risk-taking, proactiveness, autonomy, achievement and learning orientations are the critical dimensions of EO driving MSMEs performance in Abia State, Nigeria. While competitive aggressiveness does not significantly affect MSMEs performance in Abia State, Nigeria.

The study contributes to the literature on EO, by examining EO from seven dimensions (innovative, risk-taking, proactive, autonomy, achievement, competitive aggressiveness and learning orientations) as advocated by Krauss et al, (2005), unlike most scholars that only adopts three or five dimensions of EO.

The P-value for each of the independent variables revealed that while innovativeness, risk-taking, proactiveness, autonomy, achievement and learning orientations all have significant effect on MSMEs performance, competitive aggressiveness does not. The adjusted R^2 revealed that EO dimensions account for 61% variation in MSMEs performance in Abia State, Nigeria.

It can therefore be concluded that EO positively and significantly affects MSMEs performance in Abia State, Nigeria. This is consistent with the study by Al-Swidi & Al-Hosam (2012); Lu & Zhang (2016); Arisi-Nwugballa et

al. (2016); Ogueze et al. (2017) and Syed et al. (2017).

It can further be concluded that innovative, risk-taking, proactive, autonomy, achievement and learning orientations are the major dimensions of EO affecting MSMEs performance. This implies that MSMEs should be innovative, by introducing new product that is appealing to the customers as well as coming-up with new process that make buying experience of the customers better and identifying new market or marketing channel. A very good way of doing this, is to introduce online purchase (e-commerce), whereby customers can shop online and pay on delivery, if the MSMEs lack the capacity to do this, they can utilize other electronic commerce (ecommerce) platforms, like: Jumia, Konga, Payporte, Dealdey, jiji, among others. The respondents agreed that the use of e-commerce sites as well as selling their goods and services through their social media platforms, like: Facebook, Instagram, Linkedlin, Whatssap, among others, have led to an increase in their revenue.

Taking the lead in the introduction of innovative ideas (proactiveness) has aided the performance of MSMEs in Abia State, Nigeria. Though, most MSMEs especially the micro enterprises, which constitute over 95% of MSMEs in Nigeria, lack the fund required to have a research and development department, which can help MSMEs to innovate and introduce innovative activities ahead of competitors. The high rate of internet penetration in Nigeria has made it easier to conduct some proactive research at far cheaper cost. For instance, with

internet, a MSME can easily spot designs that are trending in other countries which can be introduced in Nigeria. Furthermore, you can easily join some online forum where you will be updated on latest trends.

Risk-taking orientation, which involves taking a risk-tolerant posture, by entering into uncertain environment, involving in heavy borrowing or using substantial resources to undertake uncertain businesses tends to enhance MSMEs performance. As a result MSMEs chief executives should maintain a risk-tolerant posture towards performance enhancement. Workers in MSMEs should be given some level of autonomy to develop their creativity, because it equally tends to enhance MSMEs performance. MSMEs should also learn from their business activities and work towards the attainment of personal and enterprise goals, which can also improve MSMEs performance.

The insignificance recorded for competitive aggressiveness might be as a result of a better business climate in Abia State, which has brought relative decorous business practice to business activities in Abia State, Nigeria.

Suggestions for Further Studies

This study only examined one state out of the thirty-six states in Nigeria, as a

result other scholars can consider conducting similar studies in other states in Nigeria, this is because, similar studies have not been conducted for many states in Nigeria and the few that has been conducted for some few states focus on three or five dimensions of EO, omitting two very important dimensions of EO (learning and achievement orientations), which were found to significantly affect MSMEs performance in Abia State, Nigeria. Other researchers in other climes can consider incorporating learning and achievement orientations of EO in their future studies, as most existing studies in Asia, Europe, North America, Australia, Oceania, South America and Africa employed only three or five dimensions of EO.

Future studies can consider the use of interview as the method of data collection as it tends to yield more information. This study employed just one performance indicator (revenue), other scholars can consider the inclusion of other performance indicators, like: profit, employees' satisfaction, customers' satisfaction, among others. The combination of financial and non-financial performance measures can also be considered for future studies.

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