



*Covenant Journal of Entrepreneurship (CJoE) Vol. 3 No.1, March 2019 (SE)*



An Open Access Journal Available Online

# ***Covenant Journal of Entrepreneurship (CJoE)***

Vol. 3 No. 1, March 2019 (Special Edition)

**Publication of the Center for Entrepreneurial Development Studies,  
Covenant University, Canaanland.**

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*Website: <http://Journal.covenantuniversity.edu.ng/cjoe/>*

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**ISSN:** Print    xxxx-xxxx  
                  Online    xxxx-xxxx

Published by Covenant University Journals,  
Covenant University, Canaanland, Km 10, Idiroko Road,  
P.M.B. 1023, Ota, Ogun State, Nigeria

Printed by Covenant University Press

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# Exploring the “Man” as an Entrepreneur in Development of a Nation

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**Received: 2nd October, 2018; Revised: 7th February, 2019; Accepted: 19th February, 2019;  
Online Published: March 21, 2019.**

**URL <http://Journal.covenantuniversity.edu.ng/cjoe/>**

**Abstract:** Over time, man has been seen in diverse perspectives ranging from the hunting and gathering society to this age of globalization as an industrious being. As a matter of fact, man has been able to influence developmental processes because he seeks to improve any situation he finds himself. Such a man is regarded as an “entrepreneur”. This paper explores the role of the man as an entrepreneur in determining the development of a nation. The objective of this paper reveals the relationship entrepreneur and development; the global perception of the role of man in developing a nation; and as well as the Nigerian perspective from earliest period till date. Schumpeterian theory of innovation was the basis for discussing the concept in this paper. Explanatory design was adopted for the study and the data needed were gathered using secondary source from highly reputable journal outlets. The outcome of this paper reflected that the man, especially the dynamic one, cannot be undermined in the developmental process of any given society which is why the enormous statistics of successful entrepreneurs in developed nations plays them far above the developing nations. Thus, the paper suggested that the Nigeria government should endeavor to create a conducive environment that would make entrepreneurs thrive for the sake of the nations’ economic progress. To achieve this, adequate policies needs to be put in place to support the dynamic man who can transform available resources into veritable products capable of yielding economic returns for the nation.

**Keywords:** *Development, Entrepreneur, Innovation, Man, Nigeria.*

## **Introduction**

From the dawn of time, the man irrespective of his socio-economic and biological makeup can be seen as an industrious being working endlessly time-time for survival sake in any environment he finds himself (Doughty, 2013; and Wisman, 2018). Man has, therefore, had an enduring spirit of surviving under both favourable and unfavourable environmental conditions from the days of tsar tsar. Noticeably, the pre-industrial man tries to survive by ensuring he meets the needs for survival, primarily; food, clothing and shelter (Wisman, 2018) amidst other threats. This is to ascertain that man has always been the engineering force for societal transformation from agrarian through the information age. The transition from pre-industrial, industrial to the post-industrial economy can be seen as the product of a dynamic, enthusiastic and innovative man which can be termed as an “Entrepreneur”.

An Entrepreneur in the words of Joseph Schumpeter (1883-1950) is the determinant factor capable of yielding societal development in all facets of life. As such, the creative response of such distinct gifted person goes a long way to ensure change, stability and continuity of existing social structures – family, economy, education, polity and religion. Although, the development or growth of a nation cannot be singlehandedly linked to an entrepreneurial ability but its’ influence cannot be undermined. This is one of the reasons the saying “See Paris and Die” flourished. It is based on the innovation – creation of new things absolutely or replicating other existing things in a new dimension of man in any given society that makes such saying worthwhile (Mei, Ma, Jiao, Chen, Lv & Zhan, 2017). Such innovations are inventions or

discoveries in different sector of the society among others. In essence, the degree at which entrepreneurs flocks a nation to an extent determines its growth, development as well as the position occupied by the nation on a global scale (Bradner, 2017). In light of these, there is a constant awareness of the need for actions that can propel entrepreneurship while ensuring a sustainable environment without causing any disaster (Tur-Porcar, Roig-Tierno & Mestre, 2018).

In the midst of these, there lie some structural challenges that hamper the success of an entrepreneurial endeavour from the global north to the global south. In other words, the entrepreneurial challenge of nations of today is relative to their environment (Gerrard, Orji, Akpan & Moses, 2017). An earlier study by Ihugba, Odii & Njoku (2013); Adebowale, Diyamett, Lema & Oyelaran-Oyeyinka (2014); Dorcas (2017) and Daksa, Yismaw, Lemessa & Hundie (2018) revealed that entrepreneurs are faced with these challenges: non-availability of credit facilities, corruption, varying government policies, manifold taxation, poor state of the country’s infrastructure, failure to adapt to the constant change in business environment, security issues, and capital base. In a more recent study, Gerrard, Orji, Akpan & Moses (2017); and Duru, Ehidihamhen & Chijioko (2018) confirmed that the major obstacles affecting the performance of small and medium scale entrepreneur in Nigeria are not limited to: multiple taxations, access to the market, poor support, poor infrastructure, inconsistency in government policies, and access to the capital base. In the midst of these challenges as old as Nigeria itself, successive governments have therefore

created a pool of policies, programmes, schemes, and intervention to cushion the entrepreneurs issue on his scale of business (small, medium, large) or his experience (as starter and successor) but to no avail based on wrong policy implementation, corruption and other exigencies. Among such policies are Structural Adjustment Programme (SAP), Operation Feed the Nation (OFN), Green Revolution (GR), National Directorate of Employment (NDE), Youth Enterprise with Innovation in Nigeria (YouWiN) and host of others (Thaddeus, 2012). All these policies were established to support the man as he tries to ensure the development of his nation. Due to the aforementioned, the crux of this paper is centered on exploring the “man” as an entrepreneur in the development of a nation. The paper clarifies what entrepreneur and development connote, their synergies and their role on a global and national scale respectively. To begin with the review, a definition of an entrepreneur is presented below.

### **Entrepreneur Defined**

Entrepreneur as a concept was coined by Jean-Baptiste Say (1767-1832), a French economist meaning “adventurer”. In simplicity, an entrepreneur is an individual who seeks to understand, the state of things and how to make it much better. Beattie (2016) sees an entrepreneur to be an individual who tries to spot inefficient use of resources – human or material to make it more productive, and yield higher returns. In other words, entrepreneurs seek available opportunities within a given environment to create new product/process/market for optimum

profit maximization. Schumpeter (1976), described an entrepreneur to be an able individual willing to transform a rough business idea into a worthy enterprise. To him, an entrepreneur employs “the gale of creative destruction” to change partly and holistically substandard offerings (in raw materials and finished goods) across firms/industries, simultaneously creating new products and production process. Schumpeterian entrepreneur emphasized on innovation and risk-taking for the good of the nation.

In the view of Driessen & Zwart (2010), an entrepreneur is usually misinterpreted to mean “small business”. While most business ventures get started small, not all small-scale businesses are entrepreneurial in the making. The orientation of small business operators is limited in scope with little or no significant amount of employees (usually a sole proprietorship) dwelling in an existing pattern of production process or service without any aim at massive growth, expansion and development. On the contrary, business ventures with an innovative good or service are entrepreneurial in nature with scaling up numbers of employees usually funded by the venture and other angel investors. Successful entrepreneurs possess the skill to move a business in a positive light after adequate planning with available material and human resources, thereby propelling the need for adaptation to changing business environments. This kind of entrepreneurs understands vividly their strengths and weakness (Driessen & Zwart, 2010).

Entrepreneurs perceive new business opportunities and they often exhibit positive biases in their perception and a conscious risk-taking attitude (after spotting the opportunities) that makes it possible to exploit such opportunity to the brim (Zhang & Cueto, 2015). In this case, the entrepreneurial spirit is linkable to their risk-taking ability and innovation respectively. The exploitation of such opportunities may include: spotting the opportunity itself, developing a strategic business plan for it, hiring suitable personnel, acquiring required material resources, and being accountable for the success/failure of such enterprise (Hisrich & Robert, 2011). After substantiating knowledge on what an entrepreneur means from a broader perspective, it is worthy to enlist the distinctive qualities of an entrepreneur.

### **Distinctive Qualities of an Entrepreneur**

Basically, the distinctiveness of an entrepreneur from other people mars the focal point of this section. It is thus questioned that do entrepreneurs (successful and unsuccessful) possess some traits that singlehandedly give them a comparative advantage over others?. These and many more will be explained in the paragraphs below. As documented by earlier researchers (Key, 2013; Seth, 2016; and Stephenson, 2016) entrepreneurs' success tends to be attributed to the trait they perpetuated before, and during their business activities. Such qualities are discussed below:

**Passion and Motivation:** The popular saying "make passion your profession" dwells in the act of an entrepreneur. This is to mean that doing what they

love and enjoy doing makes entrepreneur triumph over difficult situations threatening the continuity of the business (Carsrud & Brannback, 2011).

**Planning:** The act of planning is embedded in the heart of an entrepreneur (successful and unsuccessful) prior and during the business operations (Rosalinde & Woolthuis, 2010; and Soto-Acosta, Cismaru, Vatamanescu & Ciochina, 2016). This, therefore, implies that an entrepreneur works with a strategic business plan drawn to guide the affairs of the business.

**Risk-taking:** This is the most significant aspect of an entrepreneur because they are the decision maker in a positive time and otherwise. In order words, an entrepreneur does not shy away from responsibilities but rather take a calculated risk for the benefit of the enterprise (Fairlie & Holleran, 2012).

**Adaptability and Flexibility:** This is another distinctive quality of an entrepreneur which explains how they thrive amidst internal and external related factors (Castrogiovanni, Ribeiro-Soriano, Mas-Tur & Roig-Tierno, 2016). This is a sequel to say, an entrepreneur is expected to adapt and diversify in relation to a changing world.

**Management:** Although, all the aforementioned can be termed as a managerial ability, but the concern here is limited to human and material resources (Rosalinde & Woolthuis, 2010; and Soto-Acosta, Cismaru, Vatamanescu & Ciochina, 2016). Successful entrepreneur flourishes

because they are able to manage the workers (employees) and the resources (raw materials, and machines) for the optimum benefit of all and sundry.

**Innovation:** This is the distinguishing aspect of an entrepreneur (dynamic man) from the static man which simply means the creation of old things in a new dimension or development of something new entirely in form of goods and services (see Figure 1 below). The outcome of this entrepreneurial flexibility is well detailed in the form of technological development amongst other harnessed over the years from across the globe.

Besides, all the highlighted qualities of an entrepreneur above are worthy lifestyles and attitude of the man that can propel the development of a nation. In this case, the development of any nation is not realistic without an efficient man in one sector or the other. This, therefore, makes it imperative to define what development is in the context of this paper.

### **Development Defined**

The concept of “development” can be looked into from diverse angle depending on the situation, interest, area and the discipline examining it. As such, development can be seen from all whims and caprices; socially, politically, geographically and economically. For the purpose of this paper, economic development is the focal point which elucidates the underlying role of the economy as a superstructure in the development of a country. *Economic development* is a concept that politicians, economists, sociologist and other social scientists have used recurrently in the 20th century. The word “economic

development” has been often used interchangeably with economic growth but its meaning are quite different. Economic development is a policy-driven initiative of any government concerning the quality of life socio-economic well-being of its people while economic growth is a fragment of economic development (Sen, 1983) which confirms the state of the nation on Gross Domestic Product (GDP) basis and market productivity level. The focus of economic development, therefore, includes the policies a nation utilise to improve the socio-political, and economic life of its citizenry. After so much clarity, it is crucial to present the synergies between entrepreneurship and development.

### **Entrepreneurship and Development**

The wide lacuna between nations of today on economic terms has been attributed to many factors from the dawn of time till date. Amongst such factors are years of independence, manpower strength and capabilities, raw material availability, business orientation, business activities, governmental policies, globalization, international support, westernization, leadership factor and host of others. What is, therefore, striking in this current dispensation is the role of entrepreneurship in amassing individual wealth and thereby informing the state of economic growth and development of their nations respectively.

In the view of Ebiringa (2012), manpower and its output in an economy depend solely on entrepreneurship – which is an entrepreneur’s activity. The entrepreneur’s prowess determines the growth of the capital invested and whether the growth brings about the

development of new products and production techniques. It is also imminent that the quality of entrepreneurs in countries of today further influences their economic growth and development. The difference in the economic growth rate of nations around the world is largely due to the number and the quality of entrepreneurs in those countries (Minniti & Levesque, 2010; Olaison & Meier, 2014; and Doran, McCarthy & O'Connor, 2018). Other factors of production: land, labour and capital are bound to be incapacitated without an entrepreneur who puts them to use for better productivity. Entrepreneurship in 21st century has therefore led economic revitalization that has proved inextricable to enhance the cost and standard of citizenry's livelihood (Olanipekun, 2017). With much emphasis on the developmental implications, the role of entrepreneurship is under-listed as follows:

1. **Employment Opportunities:**

Entrepreneurship no matter its scale has within itself the capability for self-employment and the employment of more than one person. The establishment of business ventures hereby creates jobs for job-seeking individuals amidst the wave of unemployment and its cohort (Inegbenebor & Igbinomwanhia, 2010; Udih & Odibo, 2016; and Dorcas, 2017). Entrepreneurial ventures, therefore, need adequate human capital to run their operations on a day-day basis for continued relevance and sustenance of the business. Both small and big businesses tend to

create job opportunities for individuals with much-needed qualification offering them a stipulated paycheck at the end of the month.

2. **Enhancement in the Standard of Living:**

Innovation in terms of new products and production processes to an extent determines the standard of living of individual members (Dorcas, 2017). This is borrowing a leaf from the available employment opportunities which help individual members prioritize their needs and wants according to the economic situation.

3. **Economic Growth and Development:**

The development of economic terms in 21st century is nothing short of the prowess of entrepreneurship (Oluremi & Gbenga, 2011; Udih & Odibo, 2016; and Dorcas, 2017). It is the rate of entrepreneurship activities in developed nations of today that makes their economic growth and its development amongst other nations. Measures like per capita income, Gross Domestic Product (GDP), Human Capital Index, National Income, Personal Income Tax (PITA) and all sorts served as indicators to ascertain the state of the nation in relations to the overall well-being of its members (Avnimelech, Zelekha & Sharabi, 2014; and Doran, McCarthy & O'Connor, 2018).

4. **Reduction in Rural-Urban Move:**

The promotion of entrepreneurial activities in developing nations of today is channelled to mitigate against the harms of rural-urban migration. Rural dwellers'

movement from their residential area to cities in search of greener pastures propagates urban challenges: overpopulation, unemployment, increasing the crime rate, malnutrition to mention but a few. This unnecessary migration would, therefore, be cushioned by the availability of entrepreneurial activities at all levels (Brownhilder, 2014; and Osakede, Lawanson & Sobowale, 2017).

5. **Development of Local Technological Base:** Native entrepreneur has engineered the advancement of indigenous technological base across all nations today which aids the production process of raw materials into finished goods.
6. **Conservation of Foreign Exchanges:** Entrepreneurial activities contribute to the lesser importation of equipments/machineries, raw materials for production process and payment to foreign experts. In essence, entrepreneurship makes raw materials and labour force readily available and accessible in any nation without having to pay for such services from the foreigners.

To further buttress the relationship between entrepreneurship and development respectively, the individual player's "the man" role in ensuring the likelihood or possibility of development on a global and national scale cannot be underestimated. In this case, the global perspective of the role of an entrepreneur in the development of a nation was presented next.

### **Role of an Entrepreneur in the Development of a Nation; Global Perspective**

Entrepreneurial activities are regarded as an act inherent in all developed and developing societies of the 21st century (Doran, McCarthy & O'Connor, 2018). Although, the rate and statistics of entrepreneurs differ from one country to another owing to many conflicting factors (internal or external). The internal factors are inherent in the trait and the thought pattern of an entrepreneur while the external factor is related to the environment they dwell in. The role of an entrepreneur can, therefore, be noticed in the form of goods and services they created that reached global acceptance bringing immediate returns to the producer and the society at large. Relatively few entrepreneurs existed in the world of today compared to the outrageous small businesses often mistaken for entrepreneurship. The statistics are thus increasing compared to the yesteryears (Bradner, 2017).

Noticeably, the study of entrepreneurship and the life of an entrepreneur cannot be discussed without mentioning the consistency of the likes of Bill Gates (Microsoft Word), Steve Jobs (Apple), Carlos Slim Helu (Telecom), Warren Buffet (Berkshire Hathaway), Amancio Ortega (Zara), Fred Smith (FedEx), Jeff Bezos (Amazon), Larry Page and Sergey Brin (Google), Mark Zuckerberg (Facebook), Thomas Edison (Electricity), Sam Walton (Walmart), Jan Koum and Brian Acton (WhatsApp), Alhaji Aliko Dangote (Manufacturing, Oil & Gas), Mohammed Al Amoudi (Oil and Gas), Oprah Winfrey (Television), Patrice

Motsepe (Mining), Mohammed Ibrahim (Communications), Mike Adenuga (Telecommunication), Femi Otedola (Oil & Gas), Isabel dos Santos (Investor), Folorunsho Alakija (Fashion Designer & Oil and Gas), Adenike Ogunlesi (Clothing) to mention but a few (Forbes, 2016).

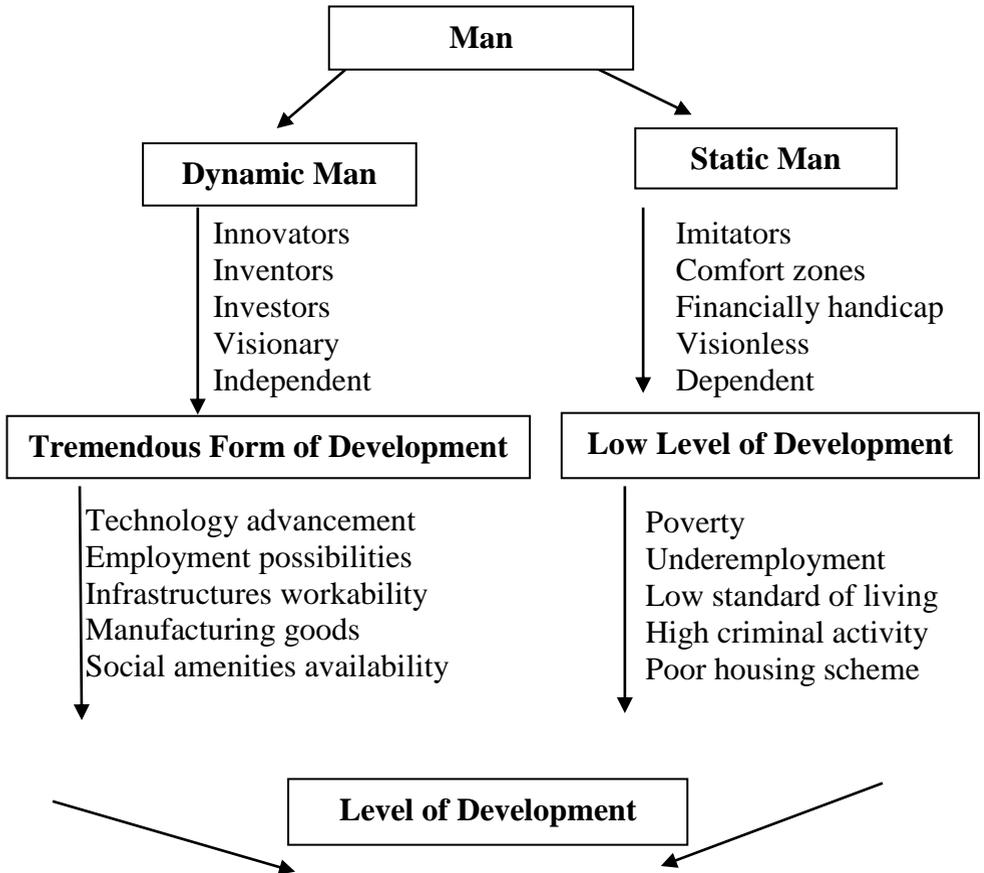
The aforementioned reflected the powerful names of inventors, innovators and business-oriented fellows across the world whose contribution to the economy of the world cannot be underestimated. This, therefore, implies that their activities socially, politically, economically have developmental implications for their respective country and the globe directly and indirectly. However, it is widely believed that entrepreneurship is beneficial for economic growth and development. Over time, entrepreneurial activities have played important role in cushioning poverty rates at a relative or abject level (Naude, 2013). The increase in the number of entrepreneurs would necessitate improvement in economic growth since the early works of Schumpeter. This entrepreneurial effect is inherent in their skills and their propensity to create new products and production processes. Schumpeter, therefore, described “the carrying out of new combinations”, with five clues:

1. The creation of a new good or the upgrading of old products into a new quality.
2. The creation of a new method of production which is not yet put to a rigorous test in manufacturing desired goods.

3. The creation of a new market – a market that is not familiar with the branch of manufacture,
4. The discovery of a new source of raw materials supply,
5. The creation of a new organization of any industry such as the breaking of a monopolistic position.

Based on the form of innovative activities described above, the entrepreneur of Schumpeter seeks to create and amass new profit opportunities. These opportunities can result from productivity increases, in which case, their relationship to economic growth appears quite clearly. Linking the Schumpeterian point of view to the entrepreneurial role played in the development of the nation. It is crystal clear that entrepreneurs’ undying spirit brings about new discoveries for the purpose of economic growth and development. The contributions of powerful entrepreneurs like Bill Gates of the Microsoft Company, Thomas Edison of Generic Electricity, Mark Zuckerberg of Facebook, cannot be belittled to the development of the American society in particular and the globe at large. This is “sine qua non” to the role played by our very own “Aliko Dangote” who enhances job opportunities for millions of people within and outside Nigeria through his transnational companies. Summarily, the justification of man as an entrepreneur in developing a nation is reflected in the level of discoveries made in any facet of human endeavor (see figure 1 below) for the benefit of human existence.

Figure 1: Research framework showing the man as an entrepreneur in determining the development of a nation.



Source: Author (2018)

The basis of this framework shows the developmental implications of an entrepreneur or an entrepreneurial nation. This, therefore, explained that the level of development experienced in the nations of the world today is basically linked to the statistics of entrepreneurs inherent in the nation implying the level of entrepreneurial activities going-on on a day-day basis at any sector. The type of man inherent in

a particular nation as well as his personal attributes to an extent determines what becomes of him and its likely implication on the nation. A dynamic man as described in the conceptual framework above shows that development is forthcoming with significant implications on technology, infrastructures, social amenities and goods readily available for the nation. In other words, a dynamic man thought-

pattern and his activities would make the nation a better place to be. This confirms the wide range of lacunae between the developed nations and developing nations of today.

On the contrary, the static man as the name implies brings about no other thing but stagnancy, or retrogression for himself and his nation respectively. In a nation where the majority of its populace are a static man in nature and orientation, such nation is less likely to experience development at the speed of other nations because he is plagued with poverty, unemployment, underemployment, low standard of living to mention but a few. This is simply the reality of most developing nations in Africa especially Nigeria who are also fraught with major structural challenges that cripple the man and his idea. In essence, the level of development experienced by any nation – developed and developing is a product of the quality of human capital inherent in their jurisdiction. The connection and differences between entrepreneurial roles in the development of a nation as presented in the framework above would be further substantiated by using Nigeria as a point of reference.

### **Role of an Entrepreneur in the Development of a Nation; Nigerian Perspective**

Basically, the practice of entrepreneurship as a concept is not a new development in Nigeria from the dawn of time till date (Raimi & Ogunjirin, 2012). It was noticeable before colonization, that various forms of business activities are practiced amongst indigenous folks in all the geopolitical zones. This, therefore, sustained the economy of the nation and

importantly created food for immediate members of the family. What was imminent then was agricultural produce and livestock farming with different act of buying and selling other products or services – gold, and farm produce. In the course of enhancing the practice of entrepreneurship in Nigeria from the aftermath of colonialism, several policies have been put in place significantly after the Nigeria Civil War. It is also worthy of note that some people are of the belief that there is no entrepreneur in Nigeria. The reason is not far-fetched as most of the activities of the so-called entrepreneurs are not quite different from what every other person has been doing. In essence, they are mostly called imitators and not entrepreneurs because they don't invest or invent anything new. Business people from the African Region are not called entrepreneurs but creative detectors.

On a theoretical note, Nigeria has therefore established a diverse number of policies/programmes just to support entrepreneurial orientation amongst its populace. Among the lists are Operation Feed the Nation (OFN) in 1976, Green Revolution in 1980, Structural Adjustment Program (SAP) in 1986, National Directorate of Employment (NDE) in 1986, Working for Yourself Programme (WFYP) in 1987, National Open Apprenticeship Scheme (NOAS) and the Small and Medium Enterprise Development Association of Nigeria (SMEDAN) in 2003 (Thaddeus, 2012). At the end of the war, the 2nd National Development Plan focused on the development of the 3Rs - Reconstruction, Re-development and Reconciliation. The plan, therefore, tasked the resourcefulness and creative

skill of the individuals. This period experienced an economic development ideology of industrialization as the decisive foundation of economic growth, and even industrialization itself as the off-shoot of investment and technical progress. Technical progress, therefore, aids and results in the entrepreneurial effort. Importantly, early evidence from developed countries as against the developing countries reality is the fact that economic growth is entirely a manifestation of the prowess of the entrepreneur.

Due to this claim, the Nigerian government had a substantive knowledge of the role of entrepreneurship on industrialization and economic growth as early as possible. Entrepreneurship in Nigeria is often a thing of micro and small-scale businesses usually coordinated and supported by SMEDAN to develop their full budding and competitiveness (Thaddeus, 2012). At around 2000s, studies in entrepreneurship were introduced into the Nigerian educational system particularly the tertiary institutions as a mandatory course. Among the notable body established to foster entrepreneurship teaching and learning process in higher institutions is the Centre for Entrepreneurship Development (CED). The goal of this centre brings out self-employed graduates, which would further create more job opportunities and also generate wealth for the individual which later informs the state of the nation (Thaddeus, 2012). The entrepreneurial culture is therefore promoted by Nigerian government through initiatives that build positive business attitude, support and encouragement of new

business ideas, business confidence, pride in success, corporate social responsibility, promoting research and development and providing technology-based support.

Over the years, amidst the pool of policies established to cushion unemployment and poverty in Nigeria, the government at an appropriate level – federal, state and local had established various support structures to help small and medium enterprises walk through major challenges on their growth path. Some of these specialized institutions are not limited to: the Nigerian Bank for Commerce and Industry (NBCI), the Nigerian Industrial Development Bank (NIDB), the Nigerian Export-Import Bank (NEXIM), the National Economic Reconstruction Fund (NERFUND), Peoples Bank, Bank of Commerce and Industry (BCI), Family Economic Advancement Programme (FEAP), Industrial Development Coordinating Centre (IDCC), Community Bank, Construction Bank, the Nigerian Agricultural and Cooperative Development Bank (NACDB), State Ministries of Industry SME schemes, BOI [Bank of Industry] and so on (Baba, 2013). These highlighted institutions and the inducements provided by the Nigerian government, policy volatility/reversals as well as high turnover and recurrent changes in government have impacted negatively on the expected delivery of the institutions responsible for policy design, monitoring and operation resulting in distortion in the macroeconomic structure, low output and bleak performance of small and medium enterprises (Nwachukwu, 2012). Other cogent challenges which

have affected the performance of SMEs include: high cost of even short-term financing, limited access to long-term capital, dearth of requisite managerial skills and capacity, poor partnership spirit, corruption – illegal levies, over-dependence on imported raw materials, poor demand for indigenous products, incidence of an array of regulatory agencies collecting levies/ taxes which often makes doing business less attractive due to high cost, and low entrepreneurial skills from the end of small and medium scale enterprises promoters considering their shallow educational and technical background (Nwachukwu, 2012; and Ayegba & Omale, 2016).

All the highlighted bottlenecks bear a significant role in the success of entrepreneurship at any level, orientation and attitude of potential entrepreneurs, and importantly the development of a nation. As emphasized earlier, where entrepreneurial activities or entrepreneurship is made attractive (based on the availability of needed supports) for a significant number of people in the nation, such nation is likely to experience much economic growth, and development over time. On the other end, where entrepreneurship is plagued with a lot of structural hiccups as highlighted above in Nigeria, the number of people patronizing it would be reduced which further informs their lifespan in the business with series of adverse effect on the economy. In a case where the production of goods and services are rested in the hands of the few or even monopolistic in nature, the way and manner the economy is operated and its effect would be quite different where competitiveness is at

work. Dangote for instance, has solidified his business across all nooks and crannies of life in Nigeria. he has demonstrated his entrepreneurial orientation and skills overtime with diverse innovations – Dangote Cement, Dangote Sugar, Dangote Salt, Dangote Spaghetti to mention but a few.

In Nigeria alone, other pillars “entrepreneurs” exists in various walks of life – oil and gas, telecommunication, information and communication technology, manufacturing, fashion designing as highlighted above. All these individual pillars have therefore created more job opportunities (thousands/millions) in Nigeria, improved the cost and standard of living of expatriate to cushion the ever-rising rate of unemployment and its cohort respectively. Furthermore, no matter the input of these entrepreneurs within and outside Nigeria, their impact should be felt on the economic standard of the nation but where corruption thrives, its effect are not reflective on a national scale. Considering the turnaround implication of entrepreneurship in any nation – developed or developing – it is, however, imperative to make the ground running “creating an enabling environment” for the man as a starter or successor to grow through the business path which later informs the economic stand of the nation. At this juncture, it is quite necessary to buttress this paper further with the appropriate theoretical orientation.

### **Theoretical Orientation**

The theoretical orientation that propels the wheel of this paper is anchored on Schumpeter’s theory of innovation. The reason for this choice of theory amongst the variety of theories existing on

entrepreneurship and development is how the historic economist “Joseph Schumpeter” has branded the man “an entrepreneur” in the course of achieving individual wealth which later informs the economic growth and development of any nation. According to Schumpeter (1934), the man in question is branded with skills to bring about “creative destruction”. This “creative destruction” is simply related to the innovation concept. In Schumpeter’s view, innovation, as described earlier, manifests in five different dimension – product, process, raw material, market, and industrial structure. All these dimensions collectively and individually ensures the developmental nature of entrepreneurship depending on the man’s input. In this case, the man employs capable hands in various departments, makes available raw materials needed for production, and takes a calculated risk in the middle of it to maximize profit for the organisation, to ensure the continued relevance/dominance in the industry which later informs the level of economic growth and development of any nation.

Furthermore, innovation is doing something new entirely or the act of doing old things in a new way. The manifestation of the modification and creation of something new reflects in the goods/services, marketing of such products, spotting new opportunities in the industry, occupying other lacuna in the market, leading to new crop of entrepreneurs and more competition on a value-laden basis in the industry (Porter & Stern, 1999; and Pyka & Hanush, 2007). Schumpeter explained the power of innovation as breaking

totally away from the old ways for a good and improved course. Innovation is a powerful skill of the man which can breed new opportunities for investment, growth and employment (Daksa et al., 2018). He saw entrepreneur as the “alpha and omega” of all other factor of productions – land, labour, and capital – that engineer economic change, growth and development through the implementation of a rough business idea – which is powerless without entrepreneurs influence (Porter & Stern, 1999).

Critiquing Schumpeter’s entrepreneurial innovation theory, so much emphasis has been laid on entrepreneurs input among other factors of production. Although entrepreneurs need to be versatile – he cannot account for all the actions needed in the production processes without the aid of strong organisational team members, and materials available in form of raw materials, buildings and cash respectively. This in itself queries the possibility of achieving massive development from the angle of an industrious and innovative man called an entrepreneur.

### **Methodology**

The paper adopted explanatory research design with the use of secondary data as its instrument. Relevant literatures were reviewed from the period of 2010 to 2018 except for the citation of renowned entrepreneur scholars (like Schumpeter and Sen) whose work were rather traditional but quintessential for the study. Articles reviewed were sourced from highly reputable journal outlets both locally and internationally.

### **Implications and Recommendations**

The implication of this research endeavor manifested on both theoretical

and practical ground. Theoretically, this paper would substantiate existing literatures on entrepreneurial studies as it relates to development. In other words, the paper would further enhance the understanding of the discussion regarding the role of man “the entrepreneur” as an engineering force determining development of any nation. On the other hand, this paper would practically widen the horizon of appropriate stakeholders in developing nations, like Nigeria on the inextricable role played by entrepreneurship, its activities on their economic stand before the rest of the world. The understanding of this need can therefore determine the level at which key professionals in different of study moving in and out of the fields country.

In simplicity, this paper would expose appropriate authorities at any level to the need to bridge the wide lacunae between brain gain and brain drain in Nigeria for the sake of the societal growth and development. Unless this lacunae is bridged, the chances of having more entrepreneurs in Nigeria, as Nigerians, would continually be low as against the realities of the developed nations. Mathematically, the result would simply be redundancy, stagnancy and at the extreme underdevelopment in Nigeria while other developed nations continually enjoys the development.

However, there are other catalysts or yardstick that facilitated the development of a nation but the role of an entrepreneur remains solid in that course. Also, the managerial implication of this paper justifies that the resources of the nation would better be utilized by an entrepreneur “the dynamic man” as

against the static man who is dogmatic in his thinking and reactions to societal issues. In fact, the static man would therefore either waste resources available or render them useless by not mining them. This paper, therefore, advocated that good favourable policies must be implemented by nations of the world in order to facilitate entrepreneurial activities for the sake of development in general. Also, the paper also suggested that government should create an enabling environment for the dynamic man to prosper in his business dealings.

### **Conclusion**

Entrepreneurship is seen as an inextricable factor capable of facilitating the development of nations of the world as witnessed in the 21<sup>st</sup> century. The role of the man “an entrepreneur” in ensuring such development cannot be overemphasized because the ratio and statistics of entrepreneurs looking at its’ innovation, discoveries for the betterment of the world of today in developed nations as against the less/developing nations, therefore, separates them. This, therefore, means a more dynamic man with a creative response to societal realities exists in the core nations (United States of America, United Kingdom, Germany, France, Italy...), compared to the semi-periphery nations (South Africa, Chile, Malaysia, Tunisia) and the periphery nations (Nigeria, Algeria, Cameroon, Bolivia). On the other hand, the nation mostly populated by static man - creative imitators, creative detectors – are prone to underdevelopment in any of their viable sectors.

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

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Received: 22nd September, 2018; Revised: 18th December, 2019; Accepted: 19th Dec., 2019;  
Online Published: March 21, 2019.

URL <http://Journal.covenantuniversity.edu.ng/cjoe/>

**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 R<sup>2</sup> 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, Leburu, 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, Ehidiamhen & 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, Ehidihamen & 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

$\beta_0$  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
<b>ABIA (Targeted state)</b>	<b>904,721</b>	<b>1,769</b>	<b>40</b>
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 Aggressiveness	.0089953	0.902
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 (R<sup>2</sup>) shows that EO dimensions account for 63% variation in MSMEs performance. Furthermore, the adjusted coefficient of determination (adjusted R<sup>2</sup>) 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, Whatsap, 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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# Cultivating Entrepreneurial Capacities in Small and Medium Scale Construction Firms For a Sustained Economy

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Received: 24<sup>th</sup> June, 2018; Revised: 17th July, 2018; Accepted: 12th January, 2019;

Online Published: March 21, 2019.

URL <http://Journal.covenantuniversity.edu.ng/cjoe/>

**Abstract:** A developing country like Nigeria continuously needs the impact of entrepreneurs to contribute to her economic growth and development. The construction industry, known to be an important sector in any nation and one of the services sectors that has a great influence on a country's economy has a wide scope and is vastly diversified. The vast nature of the industry has posed a wide range of business opportunities for entrepreneurship, allowing startups of small and medium scale enterprises (SME) in the sector. However, despite the diverse opportunities in the sector, many of these new and existing SME construction firms in Nigeria have been forced to pack up as a result of high rate of entrepreneurial failure. This paper therefore highlights entrepreneurial capacities of the SME Nigerian construction firms as an important factor for their sustainability, thus assessed those important entrepreneurial capacities that are required of SME construction firms for continuous and effective existence. The study utilized both secondary data from past works and primary data sourced by administering a structured questionnaire to construction professional of SME

construction firms located across Lagos state. A total of 100 questionnaires were distributed and 90 were returned. Collected data were analyzed using percentage distribution and Relative Importance Index (RII) for proper data presentation. This study showed that majority of the respondents (80%) agreed that entrepreneurial capacity in SME construction firms is significant for sustainability. Results also showed that innovativeness, financial management, ability to exploit new opportunities and strategic planning are high in importance as entrepreneurial capacities required by SME construction firms in Nigeria to sustain their existence. Other capacities highlighted include time management, human resource management, business ethics, and communication etc.

**Keywords:** Entrepreneurial capacities, Small and Medium scale, Sustainability, Construction firms

## 1. Introduction

Entrepreneurship has become a vital instrument in the development and growth of any nation's economy as though it involves the creative process of organizing, managing and assuming risks and rewards of an enterprise (Ketchen, 2003). Entrepreneurship can thrive in various sectors or industry of a nation's economy. However, the construction industry is one of the important sectors of any country owing to its contributions to the economy of such country.

A developing country like Nigeria however continuously needs all hands on deck to boost and sustain its economy, which is why the impact of entrepreneurs cannot be overemphasized (Ariyo 2005). The construction industry is an important service sector that provides a diverse range of products as well as enterprises. The industry has a wide scope and is vastly diversified. The vast nature of the sector has posed a wide arrange of business opportunities for its professionals and entrepreneurs to utilize and thus allowing startups of small and medium scale enterprises (SME) within the sector. Mafimidowo & Ijyagba (2015) prescribes that SMEs

have become key players in the growth of Nigeria's economy by alleviation of poverty and creation of employment.

However, despite the diverse opportunities in the sector, many of these new and existing SME construction firms in Nigeria have been forced to pack up as a result of high rate of entrepreneurial failure. Entrepreneurship involves dynamism as it is more than just starting an enterprise but also involves sustaining the enterprise. Past studies have however attributed the failure of SMEs construction firms to inadequacy of financial resources neglecting other equally important factors that contributes to the successful entrepreneurship. These other factors are entrepreneurial capacities.

This paper therefore highlights several entrepreneurial capacities required of the small and medium scale construction firms in Nigeria as important factors for their sustainability as reviewed from past literatures. Furthermore, it assessed the relative importance of the entrepreneurial capacities that are required of SME construction firms for continuous and effective existence.

## 2. Literature Review

### 2.1 Concept of Entrepreneurship

Shane & Venkataraman, (2000) describes entrepreneurs as those who discover, assess and exploit opportunities, to produce new products or services that do not previously exist by their own devised process of production, utilizing new strategies. Schumpeter (1934) holds that an entrepreneur is an innovator, that is, someone that does things in a new way, supplies new products or services, discovers new methods of production, and identifies new potential markets. Entrepreneurship, according to Reynolds (2005) is a process of discovering opportunities and creating an economic activity by creating a new organization. Hisrich & Peters (2002) defines entrepreneurship as risk taking process of creating, organizing and managing something new. Four important aspects of entrepreneurship were identified from this definition, namely;

- Creation Process of something new to the customer and entrepreneur,
- Entrepreneurship requires period of necessary time and efforts
- Involvement of risk taking – financial, social, and psychological
- End product reward in terms of satisfaction, profit, independence etc.

This same definition approach was adopted by Awodun (2005), who describes entrepreneurship as an act of identifying opportunities in one's environment, engineering resources to take advantage of such opportunities, to ensure that customers get new or improved goods or services, and in the long term making profit from the enterprise. Entrepreneurship hence

involves learning the skill required to establish and manage a business, with the risk involved with persistence and passion. Entrepreneurship involves any purposeful activity that initiates and develops a business that is profit oriented by interacting with the internal nature of the business as well as the economic, political and social circumstance of the business (Aina & Salao, 2008).

The concept of entrepreneurship therefore refers to all that an entrepreneur does, ranging from indentifying a business opportunity, to taking risk, and then aggregating and utilizing all forms of resources to create a new business enterprise and maximize profit from it. The art of entrepreneurship is dynamic in nature, that is, there is no specific rule of thumb to go about it. However, certain characteristics and managerial skills are required of an entrepreneur to be successful. Some of these skills include the ability to create ideas and plan adequately and effectively; capacity to manage other; ability to effectively manage time as well as learn new methods in operating business operations; and capacity to be dynamic in adopting change and be able to deal with environmental changes that may arise (Enuoh, 2009).

### 2.2 Entrepreneurship in Nigeria

Entrepreneurship in Nigeria has dated way back to the existence of man itself, that is to say it is not a thing that has been in the dark before now. It began when man started creating and accumulating wealth. According to Nwokoye et al. (2013), entrepreneurship in Nigeria is often discussed under the context of small and medium scale

enterprises. Nwokoye et al went further to confirm that economists have long time identified the advantages of entrepreneurship to the development of a nation's economy and that the fastest way to achieve economic growth is by the creation of new small enterprises and sustaining the growth of the existing ones.

However, for entrepreneurs to function maximally and efficiently, they need an enabling environment. The federal government, as well as state and local governments in Nigeria in acknowledgement of the importance of entrepreneurship in the development of the country's economy, is consciously and continuously creating enabling climate for entrepreneurial activities. In light of this they have put up policies, schemes, and programs to aid the establishment of small scale businesses and development. Those program established includes;

### **2.2.1 Small and Medium Enterprise Equity Investment Scheme (SMEEIS)**

This scheme was established by the Federal government of Nigeria through the Central Bank of Nigeria (CBN) in the year 2000, as part of ensuring easy access to funds for small and medium scale enterprises through all commercial banks. The scheme requires all commercial banks setting aside about 10% of their profit after tax for the purpose of investment in SMEs.

### **2.2.2 Bank of Industry (BOI)**

This scheme was established by the federal government with a view to providing short and long term funds to small and medium scale enterprises as well as expansion, diversification and modernization of existing enterprises at generous interest rates.

### **2.2.3 Small and Medium Enterprises Development Agencies of Nigeria (SMEDAN)**

Unlike other schemes that provide funds to business operators, SMEDAN was established to help potential business operators and existing ones in preparing a good business plan and help them with gaining easy access to funds from other sources providing information and support services.

### **2.2.4 Microfinance Banks**

Central Bank of Nigeria established the microfinance and framework for the country in 2005, which was then revised in 2011. Microfinance banks evolved from the former community banks, and are involved in eliminating urban bias in providing financial services to SMEs (Central Bank of Nigeria, 2011).

### **2.2.5 Corporate Institution Initiative**

This initiative came as part of social responsibility of corporate organizations to the communities in which they operate. They provide funds to viable small and medium enterprises so as to develop the economy of such community.

Although, these several schemes have shown that Nigerian government is making every effort to ensure that financial services are made available to prospective small and medium scale entrepreneurs to ensure that they are successful with their enterprises, but with more emphasis laid on providing funds, other success factors that should also be put in place for an entrepreneur to achieve a measure of success have been neglected. These other success factors are entrepreneur capacities and are equally important. They are those features that an entrepreneur must possess to be able to sustain an

enterprise in the face of a dynamic environment.

### **2.3 Small and medium Scale Construction Firms in Nigeria**

In different countries, the industries or sectors can be categorized using various yardsticks. One of which is by size of manpower, turnover and so on. According to Ajagbe & Ismail (2014), other yardstick that has been used to categorise firms includes the value and quantity of assets; human and other resources that is employed. Small and medium sized firms therefore are non-subsidiary and independent firms that employ fewer employees and fewer resources. Small and medium scale construction firms in Nigeria therefore are small scale entrepreneurs that undertake construction activities with a limited capital outlay, numbers of employees, and fixed capital investment. They also tend to own less plants and machinery and have a small market area and fewer locations.

### **2.4 Entrepreneurial Capacities**

Capacity in this context is the potential ability to perform an assigned task effectively. An entrepreneurial capacity is explained by having the features, abilities and characteristics to competently be an entrepreneur. Competent entrepreneurs are able to meet their expectations as regarding their performance towards running a business, bearing all the risks and rewards. Entrepreneurial capacities describe the skills an entrepreneur must possess to help them perform their responsibilities. These capacities are clusters of knowledge, skills and attitude that an entrepreneur that wants to be successful must be equipped with. According to Iyang (2002), SME firms

thrive better and are more productive when they apply people based approach. The techniques or approaches listed includes; employee motivation, employee training and development, effective communication. While other studies identified the capacities required of an entrepreneur to include; good decision making, innovativeness, effective management of all resources, good leadership abilities, and so on. The following are therefore the diverse entrepreneurial capacities that contribute to successful entrepreneurship.

#### **2.4.1 Time Management**

Time management involves planning and managing the amount of time spent on a specific activity. A good time management is getting more done in less time. Time management has been a major area for assessing entrepreneurs, especially in a labour intensive construction industry where time overrun has bad implications. An entrepreneur must therefore be able to manage time effectively to be successful (Ilesanmi, 2000). The skill of effective time management is transferable, as principles of time management are being taught. Ilesanmi, (2000) presents some banes to effective time management to include poor decision making, inability to delegate, procrastination and so on, he furthermore emphasized that entrepreneurs must learn to manage time in an effective way by learning how to make good decisions between alternatives, by keeping records and avoiding procrastinations or interruptions.

### **2.4.2 Human Resources Management**

Human resource management involves management of people in an organization. It is the process of employing people to perform certain tasks, defining job specifications, creating policies to guide their conducts as well as rewarding and compensating them appropriate for their optimal performance. Material, cash or capital, and other resources are important to any firm, but these resources are always being aggregate by humans, making humans notably important to every firm. Managing human resources effectively therefore becomes paramount to the success of any enterprise as other resources depend on human resources. The construction industry is confirmed to be labour intensive as most of the works are done manually by humans, even the operation of machineries is done by humans. Therefore, an entrepreneur providing construction services in the construction industry must possess a sound capacity to effectively manage human resources.

### **2.4.3 Effective Communication**

The capacity of an entrepreneur to effectively communicate is a great virtue as it is important for decision making, execution of tasks, effective delegation, and a good public relation. Effective communication involves passing across information to another or others in the right way, in the right tone, as precise and concise and as clear as possible barring all barriers to effective communication. The various effective communication skills an entrepreneur must possess includes active listening, asking questions, taking feedbacks, being clear, being empathetic, and being

precise and concise when communicating.

### **2.4.4 Innovativeness**

In the construction industry, innovation has been regarded as paving way with making improvements on the construction methodology and construction materials. Acquisition of knowledge, conducting researches and experiments with the aim of improving the construction industry has been a major means fuelling innovativeness in the industry. Innovation in the construction industry has brought about cheaper, safer, more sustainable, eco-friendly, better aesthetic, more maintainable improvements and alternatives to the existing methods and materials. Innovativeness is profitable, hence every construction firm must be able to deliver the best trending practices to remain valuable and in business.

### **2.4.5 Leadership**

Every successful entrepreneur has a good leadership capacity (Ilesanmi, 2000). Leadership is the capacity of an individual or group of individuals to lead or guide others; usually a team or organization. The success of any firm in the present competitive global economy depends largely on the leadership of such enterprise of organization. Leadership in any construction firm is saddled with seeking opportunities, making decisions, initiating projects, aggregating all resources (human, material and financial), setting of goals and objectives for the organization. (Ilesanmi, 2000). However, effective leadership includes strong characters and assumption of responsibilities.

#### **2.4.6 Ability to exploit new opportunities**

Exploitation of new opportunities is an important process in ensuring a successful business in the entrepreneurial process. This brings about new products and services that help distinguish an enterprise from its competitors. Exploiting of new opportunities may involve filling an existing gap, creating a cheaper alternative to an existing product or services and so on (Young & Dean, 2004). The decision of the perfect time to exploit opportunities is a crucial in sustaining a business enterprise. The essential entrepreneurial activities before exploitation involve researching into the market for potential demand and customers (Chrisman & McMullan, 2000), this is followed by the testing of the product, service or technology, putting in place the management team and generating support from stakeholders (Rice 2002).

#### **2.4.7 Financial management**

Financial management refers to the planning, organization, management and controlling of financial activities, which includes procurement and utilization of funds in an enterprise in a way as to accomplish the set financial objectives of the firm. The process involves the application of general management rule to the financial resources of an organization. Capital in form of money and assets is required for the start up of every firm. One of the attributes of a successful entrepreneur is his ability to sources for funds for enterprise (Ojong, 2005). A good financial manager (entrepreneur) must be able to anticipate financial needs, acquire funds, and maintain the firm's

saving, insurance and investments in the right proportion. The purpose of financial management is to ensure there is adequate cash to meet the current and capital expenditures as well as maximize growth and profits (Nwachukwu, 2005)

#### **2.4.8 Market Management**

Market management is referred to the process of developing strategies and planning for product or services sales, advertising and promotion to reach the desired market and customers. A good marketing management gives an enterprise an edge in a competitive market. It is pertinent for new business enterprise to have good marketing skills to ensure its growth and sustainability, that is, continuous success (Hisrich & Peters, 2002). Ebitu (2005) posits that market management is important for the growth and survival of any enterprise. In the face of a changing and dynamic market place, marketing is therefore a continuous process.

#### **2.4.9 Business Ethics**

Business ethics involves the standards, principles, norms and value set that govern the actions and behaviors of any individual in a business settings or organization. These ethics, sometimes called management ethics involves the application of moral, decent, honest, humane, responsible, honorable and conscientious principles to business relationships and dealings. It is the duty of an entrepreneur to ensure that ethical status is maintained in his organization as all other employees must follow suit which will boost the company's reputation, its economy as well as its finances. Therefore, any business enterprise exhibiting a very good business ethics is posed for longevity.

### **2.4.10 Decision Making**

Decision making is one of the most critical processes in any business. An entrepreneur must make diverse kinds of decision on a day to day basis. Some decisions have great impact while some have little or no significant implication their businesses. Decision making involves the selection of a course of action amongst alternatives (Iyang, 2004). Decision making in also required when solving problems in business enterprises and the steps required includes; recognizing the problem or the gap, analyzing the problem, defining possible solutions, analyzing all possible solutions, selection of the best course of action, and implementing the decision (Dean, 2016).

### **2.4.11 Social Responsibility**

The amount of profits that an enterprise generates is what attracts shareholders to buy shares and private capital owners to invest their capitals in enterprise. Social responsibility therefore describes the idea that an enterprise or an entrepreneur has an obligation to contribute positively to the society in which they operate. It is a means of balancing economic growth, welfare of society and environment. Small and medium scale business are however also expected to affect some social responsibilities in the society in which they operate, be it little compared to larger organizations. These responsibilities endear the enterprise or individual to the community they operate, boosting his image and in the long run leading to the success of such business.

### **2.5 Impact of Entrepreneurship in SMEs Construction firms on Nigeria's Economy**

Entrepreneurship in Nigeria has dated way back to the colonial era when people exchanged goods for goods and services known as trade barter. However, it is difficult to accurately measure the socio-economic impact of entrepreneurship on economic growth, but it can be confirmed that the impacts are significant. Entrepreneurship is said to be the landing pad for innovation, invention and introduction of new products and services to consumers. Entrepreneurship allows entrepreneurs to fuel economic growth of a country (Ketchen, 2003). According to Ariyo (2005), entrepreneurship has been beneficial to Nigeria's economy as 50% of the country's populations are employed by private sector comprising of the small and medium scale enterprises. A comprehensive assessment of the impacts of entrepreneurs revealed that they contribute significantly to the country's development as presented by the Central Bank of Nigeria (CBN) over the years. Entrepreneurs create jobs, provides services and products needed in the country, they create wealth for themselves and their country.

The construction industry is one of the important sectors of any country as it contributes greatly to economic growth. Its labour intensive nature guarantees job opportunities. The industry is diversified as it involves a lot of clients, including the government in providing building facilities and infrastructures for the use of other sectors such as health, education, transport and so on.

### **3.0 Methodology**

The study utilized both secondary data from past works and primary data sourced by administering a structured

questionnaire to construction professionals of randomly selected Small and Medium Scale construction firms located across Lagos state being the study area. A total of 100 questionnaires were distributed and 90 were returned. Collected data were analyzed using frequency and percentage distribution. Relative Importance Index (RII) and spearman’s rank order statistics were used to aid proper presentation and interpretation of data.

**4.0 Data Analysis and Discussion of Findings**

**4.1 Distribution of Respondents’ Profession/Discipline**

The table 4.1 below shows the distribution of the respondents’ profession or discipline. The respondents’ profession varied as builders, architects, engineers, quantity surveyors and estate surveyors; who are all professionals in the built environment. Most the respondents are however architects with a distribution frequency of 28.9% followed by builders with a distribution frequency of 26.7%. Engineers, Quantity surveyors and Estate surveyors followed suite with frequency distribution percentage of 21.1%, 13.3% and 10% respectively

Table 4.1 Distribution of Respondents’ Profession/Discipline

	Frequency	Percentage (%)	Cumulative %
Builder	24	26.7	26.7
Architect	26	28.9	55.6
Engineer	19	21.1	76.7
Quantity Surveyor	12	13.3	90.0
Estate surveyor	09	10.0	100.0
Total	90	100.0	

**4.2 Years of Existence of Respondents’ Firm**

The table 4.2 below presents the years of existence of the respondents’ construction firms. Most of the firms that the respondents work with or for have been in existence for 11 – 15 year with a percentage distribution of 50%, 22.2% of the firms have existed for 6 – 10 years, 14.5% of the firms have

existed for more than 15 years and the least distribution of 13.3% for firms with 1 – 5 years of existence. This distribution is good for results as majority of the firms have existed for more than 5 years. This aided the responses of the respondents towards entrepreneurial capacities required for sustainability in SME construction firms.

Table 4.2 Years of Existence of Respondents Firm

	Frequency	Percentage (%)	Cumulative %
1 – 5 years	12	13.3	13.3
6 – 10 years	20	22.2	35.5
11 – 15 years	45	50	85.5

Above 15 Years	13	14.5	100
<b>Total</b>	<b>90</b>	<b>100.0</b>	

**4.3 Entrepreneurial capacity in SME construction firms is significant for sustainability.**

The table 4.3 below presents the response of the respondents towards their perception about entrepreneurship capacity in SME construction firms being significant for sustainability.

Majority that is 80% of the respondents agreed that an entrepreneurial capacity in SME construction firms is significant for sustainability while 20% of the respondents disagreed. Therefore, majority of the respondents agree to the significance of entrepreneurial capacities in SME construction firms.

Table 4.3 Significance of Entrepreneurial capacity in SME construction firms for sustainability.

	Frequency	Percentage (%)	Cumulative %
Yes	72	80	80
No	18	20	100
Total	90	100.0	

**4.4 Entrepreneurial capacities required in SME construction firms for sustainability.**

The table 4.4 below presents the mean response score of the respondents from analyzing the response gotten from a likert type scale of 1 to 5; 1= Insignificant 2= Less significant 3= moderately significant 4= Significant 5=

Very significant, to measure the significance of different entrepreneurial capacities in SME construction firms for sustainability. The table also presents the Relative Importance Index of the responses, hence helping the rank of the entrepreneurial capacities in order of significance to the construction industry.

Table 4.4 Entrepreneurial capacities required in SME construction firms for sustainability.

Capacities	Mean Score	RII	Rank
Innovativeness	4.32	0.864	1 <sup>st</sup>
Financial management	4.30	0.860	2 <sup>nd</sup>
Ability to exploit new opportunities	4.29	0.858	3 <sup>rd</sup>
strategic planning	4.25	0.850	4 <sup>th</sup>
Leadership	4.20	0.840	5 <sup>th</sup>
Effective Communication	4.20	0.840	5 <sup>th</sup>
Time management	4.17	0.834	7 <sup>th</sup>
Decision making	4.00	0.800	8 <sup>th</sup>
Marketing Management	3.97	0.794	9 <sup>th</sup>
Human resource management	3.80	0.760	10 <sup>th</sup>
Business ethics	3.77	0.754	11 <sup>th</sup>
Social Responsibility	3.43	0.686	12 <sup>th</sup>

From the table 4.4 above, innovativeness is the most important capacity a SME construction firm must possess, as it has the highest rank with a mean score and Relative Importance Index of 4.32 and 0.864 respectively. Results of the study also present other important capacities that must be present in a SME construction firms for its sustainability, which includes; financial management, ability to exploits new opportunities, strategic planning, leadership, effective communication, time management and decision making in a descending order of importance with rank orders of 2nd, 3rd, 4th, 5th, 5th, 7th and 8th presented above. Marketing management comes in at rank 9th with a RII of 0.794, while human resource management takes rank 10 with RII of 0.760 before business ethics and social responsibility in rank 11th and 12th with mean item scores of 3.77 and 3.43 respectively. The results presented in the table 4.4 above shows that all entrepreneurial capacities listed are important but the level of importance towards sustainability of SME construction firms differs and thus

the premise for the ranking of the entrepreneurial capacities.

## 5.0 Conclusion

The construction industry in Nigeria is vast and has posed a landing pad for entrepreneurs over the years, but the problem of sustainability for startups and existing SME construction firms have existed over the years. Much emphasis been laid on lack of funding as the main cause for SME construction firms failure, neglecting entrepreneurial capacities.

This study however showed that entrepreneurial capacities in SME construction firms are other critical success factors. Entrepreneurial capacities such as innovativeness, financial management, ability to exploit new opportunities and strategic planning, and leadership are high in importance as entrepreneurial capacities required by SME construction firms in Nigeria to sustain their existence. Other vital capacities highlighted include time management, decision making, human resource management, business ethics, effective communication and social responsibilities.

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# Disposition of Graduates towards Family Business Succession: An Empirical Evidence From Southwestern Nigeria

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Received: 21<sup>st</sup> December, 2018; Revised: 12<sup>th</sup> January, 2019; Accepted: 12th January, 2019.

Online Published: March 21, 2019.

URL <http://Journal.covenantuniversity.edu.ng/cjoe/>

**Abstract:** Family businesses are critical to the development of any nation's economy based on their potential to generate employment, develop local technology, and develop indigenous entrepreneurs. Family businesses also survive for relatively longer period compared to any other business. This paper therefore examined the nature of family businesses and the willingness of graduates to take up family businesses in Southwestern Nigeria. The paper elicited information from primary data. The study population consisted of all the National Youth Corps members that served in Southwestern Nigeria in the 2016/2017 set. Three states from the six in the region were randomly selected namely Osun state, Oyo state and Ekiti. An average of 2,000 Corps members were being posted to each state for a batch. There were usually three batches A, B, and C consisting of two streams 1 and 2 respectively in the Southwestern Nigeria. A purposeful sampling technique was used to select three hundred (300) respondents from the three states based on those who had family businesses. Findings revealed that more than half (59%) of the family businesses were into trading, while 21% were involved in production and 20% were into service businesses. The result also showed that 79% of the graduates were willing to take up their family businesses, while 21% were unwilling. Two factors were found to be significantly responsible for graduates' decision in respect of taking up or not taking up family business. These were inaccessibility of fund ( $t = 9.105$ ;  $p < 0.05$ ) and lack of technical expertise/knowledge ( $t = 5.447$ ;  $p < 0.05$ ). The paper concluded that availability of fund (46.9%), technical know-how (30.3%), and government policies (13%) were critical factors stimulating graduates' willingness in succeeding family business.

**Keywords:** Family Business, Graduates, Entrepreneurship, Succession, Education, Nigeria

## **1. Introduction**

Family businesses constitute the world's oldest and most dominant form of business organizations. In many countries, family businesses represent more than 70 percent of the overall businesses and play a key role in the economy growth and workforce employment (Njoroge, 2015). A family business is a commercial organization in which decision making is influenced by multiple generations of a family related by blood or marriage that are closely identified with the firm through leadership or ownership (Kelly, 2000). Oketola and Nnodim (2011) defined family business as a business in which one or more members of one or more families have a significant ownership interest and commitments towards the business' overall well-being. Kurato and Richard (2004) opined that most businesses that exists are family businesses and they account for the largest percentage of businesses in many nations. Thus in general, the vast majority of businesses throughout the world from corner shops to multinational publicly listed organizations with hundreds of thousands of employees can be considered as family businesses.

In the United States of America (U.S.) family businesses constitutes 90 percent of businesses, accounts for 64 percent of U.S. gross domestic product, generate 62 percent of the country's employment, and account for 78 percent of all new job creation (Astrachan and Shanker, 2003). This is to such extent that the greatest part of America's wealth lies with family-owned businesses.

Furthermore, studies have shown that about 35 percent of Fortune 500 companies are family-controlled and represent the full spectrum of American companies from small business to major corporations (Astrachan and Shanker, 2003). In North America, family firms comprise 80 to 90 percent of all business enterprises (Astrachan and Shanker, 2003).

On the other hand in Africa, family-run businesses tend to be less formal or institutionalised than their counterparts in the developed economies. They sometimes lack the history, expertise and government support found in other parts of the world and as a result, these businesses have a tendency to be short lived and rarely pass to a second generation of owners. Hence, operating and growing family businesses in Africa requires more efforts and home-grown strategies to survive than their counterparts in developed countries. This can be buttressed by the vacuum in developed countries literature on such topic as 'disposition or willingness of graduates to take up family businesses'. Though a recent study (Oluwafunmilayo, Olokundun, Moses, & Grace, 2018) believed that entrepreneurs that hail from existing family business have a tendency to keep up in business. However, most developed country literature concentrates on performance and dynamics issues in the short term while looking at strategies for growth and succession on the long run. Another reason may be that in most international discussions, as well as global publications and documents, when a

nation is considered developed or advanced, it is an indication that the private sector, dominated by entrepreneurs and SME sector of that nation is developed. The reverse is also true. When a nation is described as under developed or developing, its private sector is under developed or developing. This could also be the reason why many higher educational institutions in developed economy offer family business programs or degree at bachelor and master's level unlike in developing economies.

Family firms are essential for the economic growth and development through new business start-ups and growth of existing family firms. (Kellermanns, Eddleston, Barnett, & Pearson, 2008). However, there are many challenges facing the survival of family businesses which include inability to set standard organizational rules for the day to day operation of the business, inadequate capital, non-availability of basic infrastructures and government policies such as taxes to mention but a few. In a Guardian (2013) publication, a long list of once thriving businesses in Nigeria was made including hospitals, airlines, textiles firms, manufacturers of bicycle tyre and tubes, exporters of hides and skins amongst others. The paper attributed the extinction of these businesses to management misfit whereby, African business owners in general and most Nigerians entrepreneurs in particular find it difficult to share the real secrets of their success to outsiders. Often times, they want to groom their children to take over the business but many of the children lack the business acumen of their parents. The result is that when the

business get handed over to the children upon the death of those parent, they end up running the business down. Also, in the African setting, there are other domestic issues like rivalry between siblings and spouses that follow the demise of polygamous entrepreneurs coupled with varieties of cultural laws that guides distribution of inheritances (Ogundele, Idris and Ahmed, 2012). Furthermore, failure to create a succession plan and inability of young graduates to take initiative to apply all acquired formal educational knowledge to advance the family businesses have a dual negative impact on family businesses and worsen the spate of unemployment in the country.

The number of unemployed youth world-wide has reached 88 million and the number of young people searching for work in Sub-Saharan Africa is expected to increase by 28% in the next 15 years an additional 30 million people joining the pool of job seekers. In Burundi, Ethiopia, Nigeria and Uganda, youth poverty exceeds 80%, whereas it is much lower in Ghana (Bennell, 2007). In a nut shell, though graduates unemployment is a worldwide phenomenon, developing countries shoulder the lion's share of the negative consequences of the problem.

Several factors may be blamed for the prevalence of youth unemployment in Nigeria. There is a high population growth rate of 3.5 percent per annum which accompanies an already large national population of over 167 million people (National bureau of statistic, 2011). Another reason why there is rise in joblessness among Nigerian graduates is because there is a lack of vibrant firms to absorb competent

graduates. Moreover, available companies do not show interest in training these youths except for deposit money banks if the applicant is under 25 years of age. Companies are interested in accomplished graduates and do not show interest in helping the situation at hand by organizing seminar to train fresh graduates.

Family businesses have gained increasing recognition due to its contribution to entrepreneurship and national development (Ayobami, Olanreti & Babarinde, 2018). It also have potentials to provide employment opportunities for the teeming unemployed graduates if flourishing. However, graduates willingness and motivation to take up family business is empirically challenged and doubtful to the extent that some researchers (Schumpeter, 2015 and Simonazzi 2015) suggested that succession should be made attractive by making it appear as opportunity and not a burden to the next generation. This has implications for the growth and survival of family businesses, hence this paper.

## **2. Literature Review**

### **2.1 Family Business**

Onuoha, 2012, posited that family-owned businesses may be the oldest form of business organization, but it is only in recent decades that their benefits and roles in the economy is been researched into. According to him, More than 70 percent of companies in most developed countries are family owned. The contributions of SMEs and family-owned business in an economy are numerous, diverse and integrated. Some of them include: stimulation of indigenous entrepreneurship, creation of thousands and millions of employment

opportunities and openings, maintenance of competition, greater innovations and creativity, paying taxes, earning foreign exchange, mobilizing savings and contributing reasonably to a nation's gross domestic product

A huge amount of consensus is required to define the family business and many factors are needed to differentiate family businesses from other form of businesses. The family member's involvement in family businesses can vary from ownership of shares to full involvement of members in the business. These factors lead to the difficulty in defining the 'family business' (Neubauer and Lank, 1998). Handler (1989) offered a broad definition of the family business as 'an organization where all the operating decisions and the plans related to leadership successions is effected by the family member who is in the management or board'. Moreover it is found that family owned businesses are in micro and small businesses because it is found that family businesses are fast growing and prosperous businesses. Generally, a business that is owned and managed by one or more than one family member is called family business (Handler, 1989; Hollander & Elman, 1988). Davis and Tagiuri (1982) defined family business more broadly as a 'businesses where one or two extended family members are involved in management of the business through practice of management roles, ownership rights or kinship ties.' Furthermore, Gallo (1994) described family businesses has indispensably similar in all over the world due to their issues, problems and interests.

A family business is a commercial organization in which decision-making is influenced by multiple generations of a family related by blood or marriage that are closely identified with the firm through leadership or ownership (De Massis, Kotlar, Chua, & Chrisman, 2014). Family enterprises are business concerns in which members of a nuclear or extended family hold majority shareholdings. They are also those whose boards and management teams are dominated by the siblings of a particular family, nuclear or extended.

Litz's (1995) observed that by using two complementary approaches to define the family business: intention-based and structured based approach. Structure-based approach describes family organization from management and ownership perspective, whereas the intention-based approach depends on preferences and values of family organization members towards family-based relatedness.

Family businesses may include various combinations, including husbands and wives, children and parents, extended families, two or more generations in the forms of employees, stock holders, advisors, partners, board members, and so on (Lannarelli and Bianco, 2010). This scenario of multiple membership of family businesses is mostly common in the US and Europe. In most developing countries, including Nigeria, ownership and membership of family enterprises are limited to nuclear and sometimes, the extended family, coupled with conflicts that may also account for the reason why family businesses have high mortality rate in Nigeria. The proportion of family businesses occupy in some of the

important economies are as follows: Brazil – 90%, USA – 96%, Belgium – 70%, Finland – 80%, France – 60%, Germany - 60%, Netherlands – 74%, Poland – 80%, Portugal – 70%, Spain – 79%, UK – 70%, Australia – 75% (Timmons and Spinelli, 2009:596). The percentage in the World is similar if not more. These statistics underscore the dominance of family businesses in most economies.

## **2.2 Why Family Businesses Fail?**

Family enterprise forms the backbone of any economy, with families owning or controlling 80 percent of all businesses. But studies have shown that only 30 percent of the family businesses survive into the second generation while even less continues to the third. Qurashi, Hussain, & Mushtaq, (2013) in their work 'The Dilemma of Success and Failure in Family Business' examined the circumstances and setbacks of the family owned business in Pakistan. They ascribed success of family business to having a clear vision, shared values, clear procedure, expectations and proper succession plan. Notably, the success of family business inevitably comes down to the fine art of integrating and balancing the needs between ownership, family and business. According to Golob (2018), family businesses struggle and fail for some reasons which include;

### **2.2.1 Lack of Proper Planning**

All businesses require planning, but families businesses face the additional planning task of balancing family and business demands. There are five critical issues where the needs of the family and the demands of the business overlap and require parallel planning action to ensure that business success

does not create a family or business disaster. They are:

- a. Capital How are the firm's financial resources sourced and allocated between different family demands?
- b. Control Who has decision-making power in the family and firm?
- c. Careers How are individuals selected for senior leadership and governance positions in the firm or family?
- d. Conflict How do we prevent this natural element of human relationships from becoming the default pattern of interaction?
- e. Culture How are the family and business values sustained and transmitted to owners, employees and younger family members?

### **2.2.2 Poor Succession Planning**

One of the fundamental problems of the family business is the lack of an adequate succession plan. Many of the family businesses did not have a succession plan in place, and few of those that did had designated a specific person to take the reins. However, succession can require a multi-stage process of growing involvement and it's crucial for predecessors to dedicate time to creating a business roadmap. Planning cannot be done in isolation of the family.

There appear to be two main factors affecting the development of family business and succession process: the size of the family, in relative terms the volume of business, and suitability to lead the organization, in terms of managerial ability, technical and commitment (Arieu, 2010). Arieu proposed a model in order to classify family firms into four scenarios:

political, openness, foreign management and natural succession

One of the largest trends in family business is the amount of women who are taking over their family firms. In the past, succession was reserved for the first-born son, then it moved on to any male heir. Now, women account for approx. 11-12% of all family firm leaders, an increase of close to 40% since 1996. Daughters are now considered to be one of the most underutilized resources in family businesses. To encourage the next generation of women to be valuable members of the business, potential female successors should be nurtured by assimilation into the family firm, mentoring, sharing of important tacit knowledge and having positive role models within the business.

### **2.2.3 Family Conflict**

Mutual support among relatives is key for instilling loyalty towards the family business. Many families lack procedures that help manage conflict in an objective and productive way, so seeking outside help is often necessary to help the family out of seemingly irresolvable issues. The challenge faced by family businesses and their stakeholders, is to recognize the issues that they face, understand how to develop strategies to address them and more importantly, to create narratives, or family stories that explain the emotional dimension of the issues to the family. The most intractable family business issues are not the business problems the organization faces, but the emotional issues that compound them. Many years of achievement through generations can be destroyed by the next, if the family

fails to address the psychological issues they face.

#### **2.2.4 Different Visions between Generations**

Generational conflict can hinder the growth of family businesses. This is especially true if disagreement in core values and missions exists. The next generation should be cautious not to reject established work methods and entrepreneurial vision, just as predecessors should demonstrate flexibility in exploring new management strategies and ideas for innovation.

#### **2.2.5 Governance Challenges**

Business families do not need to just consider corporate governance. In addition to corporate oversight, they require family and shareholder governance infrastructure. Family governance requires family meetings, councils or assemblies which requires time and commitment. It's crucial to communicate and create a flow of information between owners, the business and the family. Many members fear raising sensitive issues, losing control or sharing too much information. Without governance, members are confronted with exclusion and secrecy, assumptions and procrastination.

#### **2.2.6 Exclusion of Family Members outside the Business**

Family member has an investment in the business and the overall assets of the family, whether they are active in the management of the business or assets because the business and assets impact lifestyle, health, and happiness of everyone in the family business.

#### **2.2.7 Unprepared Next Generation Leaders**

In successful transition cases, the next generation is not parachuted into a top position. It's important for successors to learn the ropes and learn all aspects of the business. The business should create guiding principles outlining requisite education and experience before making offers of employment.

#### **2.2.8 Lack of a formal and trusted advisory board**

An external adversary board could lend credence, structure and seriousness to the family business. However, it is difficult to find a trusted advisory board with a good grasp and knowledge of all the intrinsic associated with Family business. However in Canada, Institute for Family Enterprise Advisors (IFBA) exists to provide this kind of service. Similar institutions should be created in other parts of the world. In Nigeria, the KPMG recently (as at 2017) commenced annual surveys on family businesses and makes comparison with other parts of the world such as Europe. This is however a far cry from being an advisory agency.

#### **2.2.9 Fundamental Principles of Business are not applicable**

Traditional business education is not catered to meet the complex demands of a business family. Central issues like family dynamics, succession planning, family governance and communication are often overlooked in MBA programmes, business degrees and continuing education courses. Families wanting to ensure successful succession of their businesses should seek out specialized education in the business family field.

### **2.2.10 Non-utilisation of family core competency and advantage.**

Golob (2018) acknowledged that some unique resources are embedded in families. These unique resources coupled with certain abilities when brought to play distinguishes and brings about competitiveness of family businesses. For instance in African settings, some families and cultures are well known for certain abilities such as the Ladi Kwali pottery in Suleja, Niger State, Nigeria for making clay/ceramics house and kitchen wares. Equally, the Nok culture in Kaduna State, Nigeria with their terra cotta head are known for their expertise with iron tools, stone axes and other stone tools. Many of the world's oldest and most respected businesses are family owned. By identifying family with business, the firm can promote a brand of security, loyalty and commitment.

### **2.3 Education, Training versus Disposition of Next Generation to Family Business Succession**

Knowledge is an asset that distinguishes and enhances performance. In the same vein, it is commonly said that one can only force a horse to the well, it cannot be forced to drink water from the well. Simonassi (2016) opined that when the next generation are made to join family business, they need to have the right skill. According to her, family business go wrong when the young successors are given jobs for which they are untrained and unsuited. In addition to having the right training, personal interest and willingness must be demonstrated by successors in order to make headway of the family business. Over two decades ago, Handler (1992) identified career interests, personal

needs, personal identity and personal influence as critical to family business successors. This position is yet to change. Schumpeter, 2015 cited in Chima (2018) argues that the most common characteristic of failed successions is that the family marks out the eldest son for the top job from an early age, and hands it to him regardless of ability. In addition, Brown (2018) posit that in preparing the next generation to lead the family business, identifying the possible leaders, education, work experience (both in and out of the business) and other considerations should not be neglected. Also, the person who best exhibits personal interests, skills and intellect should be selected. This paper sheds light on the extent to which next generation family business successors who are educated were disposed towards succession.

### **3. Methodology**

The paper elicited information from primary data. The study population consisted of all the National Youth Corps members that served in Southwestern Nigeria in the 2016/2017 set. Three states from the six in the region were randomly selected namely Osun state, Oyo state and Ekiti. An average of 2,000 Corps members were being posted to each state for a batch. There were usually three batches A, B, and C consisting of two streams 1 and 2 respectively in the Southwestern Nigeria. A purposeful sampling was used to select three hundred (300) respondents from the three states based on those who had family businesses. Data gathered were analysed using frequencies, percentages and simple regression analysis

**4. Analysis and Results**

**4.1 Family Business Characteristics and Experiences**

Table 1 shows the distribution of the responses from the survey on family business experience. From the results of the survey, 178 (59.3%) of the respondents had parents or guardian who were in trading businesses, 62 (20.7%) were involved in production, and 60 (20%) were involved in service businesses. Majority of the family businesses were into trading businesses. In evaluating the length of years of existence of the businesses, 56(18.7%) of the businesses have been existing for 1 – 5 years, 70(23.3%) for 5 – 10 years,

and 38(12.7%) for 10 – 15 years. Furthermore, 73(24.3%) have been exiting for 15 – 20 years, 19(6.3%) for 20 – 25 years, 14(4.7%) for 25 – 30 years, while 30(10%) have been existing for more than 30 years. This shows that majority (> 80%) of the businesses have been on ground for over 5 years.

Table 1 also reveal that a larger percentage (82.7%) of the corps members had experience of running the business of their parents or guardian. Of these number, 97(39.1%) had 1 – 5 years’ experience, 84(33.9%) had 6 – 10 years’ experience, 49(19.7%) had 11 – 15 years’ experience, and 18 (7.3%) had 16 – 20 years’ experience on average.

Table 1: Family Business Experiences of Respondents

Variable	Category	Frequency	Percentage (%)
<b>What is the nature of your family business?</b>	Trading	178	59.3
	Production	62	20.7
	Servicing	60	20
<b>How long has the business been in existence (in years)?</b>	1 – 5	56	18.7
	6 – 10	70	23.3
	11 – 15	38	12.7
	16 – 20	73	24.3
	21 – 25	19	6.3
	26 - 30	14	4.7
	Above 30	30	10
<b>Do you have the running experience of the business?</b>	Yes	248	82.7
	No	28	9.3
<b>How many years of the business experience do you have?</b>	1 - 5	97	39.1
	6 – 10	84	33.9
	11 – 15	49	19.7
	16 - 20	18	7.3

<b>Can you take up the business as a graduate?</b>	Yes	219	79.3
	No	57	20.7
<b>Do you intend to take up the business in the nearest future?</b>	Yes	197	90.4
	No	21	9.6
<b>Do you see the family business as a means of viable employment opportunity for you?</b>	Yes	225	81.5
	No	51	18.5
<b>Did you take any entrepreneurship course(s) in school?</b>	Yes	243	81
	No	57	19

Source: Authors’s Computation, 2016

Also, 219(79.3%) of the respondents affirmed their readiness as graduates to succeed their family business, while 57(20.7%) were not ready. However majority, 197(90.4%) had intentions to succeed their family business in the nearest future, while 21(9.6%) did not have such intention. Moreover, 225(81.5%) of the respondents saw their family business as a means of viable employment, while 51(18.5%) did not see their family business as a means of viable opportunity. Finally, 243(81%) of the respondents took entrepreneurship course(s) in school, while 57(19%) did not take entrepreneurship course(s) in school.

### **4.3 Factors Inhibiting Graduates’ Willingness to Succeed Family Businesses**

Table 2 shows the multiple response cross tabulation of the respondents on

factors deterring graduates from taking up family business. From the result, majority 238(76.4%) agreed that inaccessibility of fund discourages graduates from taking up family business. This was closely followed by a 274 (75.7%) responses in favour of personal experiences of their family businesses as a deterring factor, and then a 225(72.8%) responses in favour of their lack of technical know-how and expertise. Aside these, some 119 (70.8%) claimed that government policies on accessing finance for businesses was the problem. It becomes apparent that lack of access to ready fund to spend as graduates more than anything else pose huge challenge to graduates from wanting to succeed family business.

Table 2: Factors Deterring Graduates from Succeeding Family Business

S/N	Variables	5 Strongly Agree (%)	4 Agree (%)	3 Neutral (%)	2 Disagree (%)	1 Strongly Disagreed (%)	Total (%) N= 300
1	Inaccessibility of fund	42.4	34	10.7	8.7	3.2	100
2	Government policies	41.7	29.1	17.5	7.8	3.9	100
3	Personal experience of the business	41.4	34.3	12.6	8.1	3.6	100
4	Technical know-how/expertise	40.4	32.4	15.5	8.1	3.6	100

Source: Authors' Computation, 2016

Further analysis (Table 3) was carried out to substantiate factors inhibiting graduates from succeeding family business using linear regression. Two factors were found significant; Inaccessibility of fund ( $t = 9.105$ ;  $p < 0.05$ ) and technical know-how/expertise ( $t = 5.447$ ;  $p < 0.05$ ). The

model summary gave an R-value of 0.825 and an R-squared value of 0.680 which indicates that 68% of variance in the factors deterring the graduates from succeeding family business was explained by our model leaving 32% to other factors not covered by this study.

Table 3: Regression Coefficients of Factor Inhibiting Graduates from Succeeding Family Business

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.908	.219		8.713	.000
Inaccessibility of Fund	.479	.053	.469	9.105	.000
Government Policies	-.100	0.58	-.130	-.164	.870

Personal Experience of the Business	-.721	.060	-.084	-.030	.976
Technical Know-how/Expertise	.307	.056	.303	5.447	.000

Source: Authors' Field Survey, 2016

**5. Discussion**

The findings reported in this work in terms of age of family businesses tends to suggest that most family businesses in the study area have been in existence for more than 5 years. This result agrees with the findings of KPMG (2017) that family businesses in Nigeria have demonstrated strong resilience to external pressures and challenges in the last few years and are optimistic about the future. Also, given the report that about 82% of the graduates had experience running their parents' business, one would have expected an equal percentage to be ready for succeeding the family business or to consider family business as a viable employment opportunity. However, there were still a few of the graduates that opted out. This suggests that some of the factors reported in the work of Golob (2018) such as bad experience running family business, poor succession plan and inadequate business training skills could have impacted negatively on the enthusiasm of the graduates to succeed family business. Furthermore, it is worth noting that though family business has huge potential to solve unemployment problem among youths; some graduates would not consider it as an option as

was the case in our study. This reason was because of the need to have quick access to money and also because the training received in their various tertiary institutions has not prepared them or given them sufficient skill to succeed family business. This was found to be consistent with the report of Schumpeter (2015) that heirs may genuinely not be right for the job: they may be more extensively and expensively educated than their parents, but lack the managerial skills to command a big organisation. Also because of the need to acquire quick wealth or have access to huge amount of money as indicated in this study, as soon as the business is handed over to the next generation, they sell it. This typifies the account reported by Nwakunor (2013) indicating why some Nigerian-owned businesses do not outlive the owners.

**6. Recommendation and Conclusions**

Based on the findings reported in this paper, it is recommended that family business in Nigeria should give adequate thought and attention to succession planning. Family business as a course should be introduced into higher institutions' curriculum to help graduates to be better prepared to succeed family business. On the issue of access to money by graduates;

would-be successors need to be mentored so as to develop virtues of hard work, honesty, integrity, patience, ability to pass through challenges and gain experience so as to become better managers and entrepreneurs. Adequate plan should also be put in place to ensure that the successor is well sustained from the business.

In conclusion, in view that family business is strategically positioned to contribute to national economic growth

and development, mechanism should be put in place to mitigate factors inhibiting its growth and survival. Moreover, graduates should be given education that would position them to succeed family business and alleviate unemployment.

### **Acknowledgements**

The authors wish to thank our graduate students that partook in the field work and also the respondents that provided the primary data used in this paper.

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# Socio-Economic Variables, Economic Environment on Gender Differences in Entrepreneurship

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Received: 24<sup>st</sup> June, 2018; Revised: 17<sup>th</sup> July, 2018; Accepted: 12th January, 2019.

Online Published: March 21, 2019.

URL <http://Journal.covenantuniversity.edu.ng/cjoe/>

**Abstract:** In Nigeria, there is gender discrimination in both social and cultural settings which hindered women regardless of their population, educational, economic and social status, a fair representation in policy making, business related matters and manpower development. A consequence of which has a severe negative impact on women entrepreneurship. Against this background, this paper examine the effect of socio-economic variables economic environment and gender differences in entrepreneurship and specifically investigate whether gender difference affects the rate of new business creation and investigate the effect of socio-economic factors on genders differences in entrepreneurship as well as the effect of economic environment on genders differences in entrepreneurship. The study utilized annual time series data sourced from the World Bank Development Index (WDI) covering the period of 2005 to 2016. In the estimation, as a preliminary test, the Jarque-Bera Normality test, line graph trend analysis, and unit

root test conducted while the Dynamic Ordinary least squares (DOLS) cointegration approach as proposed by Stock and Watson (1993) was employed for the estimation of both the gender difference in entrepreneurship model and socio-economic and economic environment determinants of gender difference model. The result showed that there was no significant gender difference ( $\beta = 0.372011$ ,  $t = 1.011480$ ,  $p > 0.05$ ) in entrepreneurship in Nigeria. It was also found that gender differences ( $\beta = -0.090982$ ,  $t = -3.229165$ ,  $p < 0.05$ ) and the level of economic development ( $\beta = -0.154879$ ,  $t = -2.973507$ ,  $p < 0.05$ ) exerts a significant negative effect on entrepreneurship in Nigeria while education and income level do not showed any effect on entrepreneurship in Nigeria. In order to ensure equal participation of men and women in entrepreneurship, the level of income of the Nigerian populace should be enhance through expansionary fiscal policy by reducing taxes specifically personal income tax 4and raising productive government expenditure.

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Key Words: Entrepreneurship, Gender, gender Difference, Socio-economic factors, Economic environment

Word Counts: 286

## 1. Introduction

The importance of entrepreneurship in the process of employment generation and in enhancing the per capita income of the people of a nation cannot be overemphasized. It serves as the means for economic development through its potentials in employment creation, poverty reduction and revenue generation (Josiane, 1998). In exploring new knowledge, which often leads to the provision of goods and services through innovation, entrepreneurship also played important role. Firms are able to raise wages, improve their work environment and enable a higher standard of living by doing things more effectively and efficiently which cannot occur without the development and implementation of new idea. If a new idea generated is successful, it replaces something already existing (Ascher, 2012). Entrepreneurship is therefore a process that involves a willingness to innovate, try new and uncertain products, services, markets and

exploring new business opportunities (Wiklund & Shepherd, 2005). While it is individual who takes the necessary steps to become an entrepreneur, a society can transform itself into an enabling environment that encourages entrepreneurship among its members (Adeeko, Bifarin, Ogunyinka, Omoniyi, Umunna, Adewoyin, Akomolafe, & Ademilua, 2012).

Gender is defined as those roles that differentiate male from female sex and their roles as owners and operators of businesses (Fagbohunbe & Jayeoba, 2012). In terms of access to, and control over productive and other assets, men and women differs, therefore, economic capacities and incentives are strongly gender differentiated in ways that affect resources allocation within the household, labour productivity and welfare (Bardasi et al., 2008). These differences have great implications on the economy as they directly limit economic growth (Etuk, Etudor-Eyo & Etuk, 2013). According to Humbert and

Drew (2010) higher percentage of men engaged in entrepreneurial activities in developed and developing economies. However, as a result of changes in the social and economic life of the people in the past decades, entrepreneurial activity is now been accompanied by the significant participation of women in entrepreneurship across the globe. In recent years a significant number of women entered entrepreneurial activities (Ascher, 2012).

Despite the significant increase in the participation of women in entrepreneurship, over 50% of the world's women still face gender discrimination in laws, policies and practices (Flann & Oldham, 2007). This gap exists because societies have traditionally failed to recognize the contributions of women to economic development (Oduwole & Fadeyi, 2013). Some social and cultural factors have limited women participation in entrepreneurship (Adekola, Olawole-Isaac, Ajibola & Salau, 2015). In Nigeria for instance, irrespective of women's level of education, economic and social status, they are not well represented in the policy making, especially in business matters and employee training and development (Okafor & Mordi, 2015). In the country, there are several indications of gender-based discrimination. There is gender disparity in division of labour, access to power and resources, and in the rights and entitlements of male and female (National Gender Policy, 2006). Women are still lagging behind, despite the fact that the country constitution guarantees equal right for male and female and to political offices (Oduwole & Fadeyi, 2013).

Against the analytical background, several studies have been conducted on gender and entrepreneurship but most of these research efforts have focused attention on the differences between male and female entrepreneurs in new business creation. These studies identified the determinants of entrepreneurial behaviour by focusing on the historical or traditional factors and evolutionary phenomena as such these studies have not been able to show the reasons for gender differences in entrepreneurial activity (Yordanova & Maria-Antonia, 2010). The influence of individual personal characteristics and economic environment has not been captured in the literature (Minniti & Nardone, 2007). Based on the review of literature, the few existing studies in this area were based on evidence from developed countries without any reference to the developing countries. Against this background, this paper examines the effect of socio-economic variables and economic environment on gender differences in entrepreneurship in Nigeria. The study specifically investigates whether gender difference affects the rate of new business creation and examines the effect of socio-economic factors on genders differences in entrepreneurship as well as the effect of economic environment on gender differences in entrepreneurship. This investigation will no doubt provide scientific and empirical framework for the knowledge of the reason for gender difference in entrepreneurship which will help ascertain how socio-economic variables and economic environment affect gender differences in entrepreneurship.

In order to achieve the objective of the study, data mainly from secondary sources covering the period of 2005 to 2016 was used. The choice of this period is primarily because of the need to cover the period when the federal government of Nigeria commenced the introduction of different policies and programmes targeted mainly women-folk to provide them access to credit facilities for businesses such as Family Economic Advancement Program (FEAP), Better Life for Rural Women and Family Support Program (FSP) and to cover the period for which data on gender and entrepreneurship is available. In the study, entrepreneurship proxy by Total Self-employed as a percentage of total employed SLEMP was the dependent variable while gender proxy by CPIA Gender Equality Index GEI, socio-economic factors consisting of only education, income and gender; and economic environment using the level of economic development as informed by the study conducted by Minniti and Nardone, (2007) were the explanatory variables. In order to capture the two specific objectives, two models comprising of gender difference in entrepreneurship model and socio-economic and economic environment determinants of gender difference model were formulated for each objective.

## **2. Empirical and Theoretical Review**

Entrepreneurship is commonly defined as the process of creating business (Adeeko, Bifarin, Ogunyinka, Omoniyi, Umunna, Adewoyin, Akomolafe, & Ademilua, 2012). In general, it refers to the ability or the process of creating or adding value by organizing resources to take advantage of an identified

opportunity (Adeeko, et al., 2012). Gender is defined as those socially and culturally defined roles that differentiate males from female and as owners and operators of businesses (Fagbohunge & Jayeoba, 2012). They are roles, privileges and attributes of females and males (Adeeko et al., 2012).

Gender differences in entrepreneurial activity have received a great amount of attention from the theoretical point of view. The Feminist theory by Greene, Hart, Gatewood, Brush & Carter, (2003) classified into Liberal Feminist theory and Social Feminist theory are the major two schools of thought that have been used to explain the role gender plays in business (Inmyxai & Takahashi, 2010). The basic foundation of the Liberal feminist theory is the liberal political philosophy which believes in the equality of all beings. The theory believed that human beings are essentially rational and self-interest-seeking agents. The theory attributes gender-based differences to the variations in power and opportunity accorded men and women in society, that is, the structural positions women and men occupy in society (Beasley, 1999). Women are at disadvantaged position as they are made compete for power, prestige and money because the society remains structured around the norms that favor religion leaders or family heads (Tong, 1998). Hence, once equal access to resources is ensured, gender differences in performance seemingly disappear (Carter et al., 1997). The foundation of Social Feminist theory is rooted in social learning theory and psychoanalysis which holds that the difference between men and women is a consequence of the

fundamental different ways men and women view the world from their earliest moments in life. Men and women are inherently different because of differences in their socialisation, training and experiences encountered prior to entry into particular work positions. As a consequence women adopt different approaches to work which may, or may not be as equally effective as those adopted by men (Fischer et al., 1993). Thus the theory assumes that gender differences in behaviour are caused by dispositional factor (Fischer, Reuber & Dyke, 1993). On the other end, Shapero and Sokol's (1982) entrepreneurial event theory predicates that a general sense of inertia guides an individual's behaviour until a specific entrepreneurial event" causes such inertia to be displaced (Shapero & Sokol, 1982). The theory incorporates the influence of environment and the notion that entrepreneurial behaviour is planned and intention. Beliefs, perceptions and assumptions are learned within the context of a given environment. These attitudes and perception predict intentions in turn influence behaviour. An entrepreneurial intention is thus mediated in the following manner: Environment or event causes an individual to form perceptions, attitudes and assumptions (consider the assumptions and beliefs that might be formed in a change-oriented environment as opposed to a static environment).

Empirical evidence also abound suggesting that women outperform their male counterparts in entrepreneurial activity. e.g. Neneh, van Zyl and Noordwyk, (2016), Yordanova and Maria-Antonia (2010), Nwankwo,

Kanu, Marire, Balogun and Uhiara (2012). Evidently, there are also empirical studies although very limited suggesting that there is no gender differences in entrepreneurial activity e.g. Minniti and Nardone (2007), Fagbohunge and Jayeoba (2012). For instance, Bertoneclj and Kovač (2009) investigated gender difference in entrepreneurial orientation of managers in the post-transition economy of Slovenia. 183 Slovene top and middle managers were analysed in this respect. The results indicate that there are no gender differences in the variable to spot opportunities, to risk, to innovate, and in the intervening variable to plan, and to follow procedures, but a gender difference exists in the intervening variable to analyse, to quantify, and to justify and in the intervening variables of dexterity and craftsmanship, which could be attributed to gender occupational concentration. Empirical evidence also abound indicating the role of environmental factors on entrepreneurship. For instance Okafor and Mordi (2015), Uzuegbunam (2014) examine the reasons for engaging in entrepreneurial activities and analyse the major constraints to successful engagement in entrepreneurial activities. The study was a survey research conducted in Nsukka selected rural using a stratified random sample of 200 respondents, from the age range of 18-25 to 55 and above. Four hypotheses that guided the study were stated as female entrepreneurs engagement in economic activities and provision of services like health and water have improved the life conditions of the rural populace and FE have other reasons other than monetary gains for engaging

in entrepreneurial activities. The findings include; the entrepreneurial activities engaged by FE in economic venture and provision of health and water services create avenues for monetary gains, self-employment and employment for others, capacity building and provision of useful commodities.

### 3. Methodology

This paper is on the effect of socio-economic variables and economic environment on gender differences in entrepreneurship follows ex-post facto research design. The choice of this research design is primarily because it is a quasi-experimental design useful in examining how an independent variable, present prior to the study in the participants, affects a dependent variable. In order to analyse the two specific objectives of the study, two models comprising of gender difference in entrepreneurship model and socio-economic and economic environment determinants of gender difference model were formulated.

The functional relationship among these variables is presented as:

$$\text{ENTR}_t = f(\text{GEDR}_t)$$

The explicit form of the linear model is specified as:

$$\text{LOG}(\text{ENTR}_t) = \alpha + \beta_1 \text{LOG}(\text{GEDR}_t) + \varepsilon \dots \text{(Non-Linear Form)}$$

Where:  $\text{ENTR}_t$  = Entrepreneurship (Total self-employed as a percentage of total employed) and  $\text{GEDR}_t$  = Gender (CPIA Gender Equality Index GEI).  $\alpha$  = Intercept,  $\beta$  = Beta coefficient of the independent variable,  $\varepsilon$  = Standard Error of the Estimate and  $t=2001-2016$

In order to investigate effect of socio-economic factors on entrepreneurial activity across genders the model here

was the dependent variable while the explanatory variables as used by Minniti and Nardone, (2007) was also adapted such that entrepreneurship was the dependent variable while socio-economic factors limited only to education, income and gender; and economic environment using the level of economic development the explanatory variables. The functional relationship among these variables is presented as follows:

$$\text{ENTR}_t = f(\text{GEDR}_t, \text{EDU}_t, \text{INCM}_t, \text{GDPC}_t)$$

The explicit forms of the linear model is specified as:

$$\text{LOG}(\text{ENTR}_t) = \alpha + \beta_1 \text{LOG}(\text{GEDR}_t) + \beta_2 \text{LOG}(\text{EDU}_t) + \beta_3 \text{LOG}(\text{INCM}_t) + \beta_4 \text{GDPC}_t + \varepsilon \dots \text{(Linear Form)}$$

$\text{ENTR}_t$  = Entrepreneurship,  $\text{GEDR}_t$  = Gender,  $\text{EDU}$  = Education,  $\text{INCM}$  = Income, Economic Growth =  $\text{GDPC}_t$ , and  $t=2001-2016$

The a priori expectation outlines the expected sign and magnitude of the coefficients of the independent variables. To this end, the expected sign of each of the coefficient are as follows:  $\beta_1 < 0$  (coefficient of Gender),  $\beta_2 > 0$  (coefficient of Education),  $\beta_3 > 0$  (coefficient of Income) and  $\beta_4 > 0$  (coefficient of Economic Development).

### 4. Data, Measurement of Variables and Estimation Technique

The study used annual time series data covering 16 years period from 2001 to 2016 compiled from the World Bank (World Development Indicators) and Central Bank of Nigeria (CBN) statistical bulletin. The choice of the base year (2001) and end of period (2016) is premised on the need to cover the major period when the federal government of Nigeria started

introducing different policies and programmes such as Family Economic Advancement Program (FEAP), Better Life for Rural Women and Family Support Program (FSP) targeted mainly women-folk to provide them access to credit facilities for businesses and the need to cover only the period for which quantitative data is available. The short time frame covered in the study was mainly because relevant data on Nigeria were not available except from year 2001 till date.

In the study entrepreneurship was measured using total self-employed as a percentage of total employed in line with Akhuemonkhan, Raimi & Sofoluwe, (2013); gender was proxy

using CPIA Gender Equality Index GEI in line with the study conducted by Adekola, Olawole-Isaac, Ajibola & Salau, (2015); education was measured using secondary school enrolment in line with Sharimakin, Oseni and Adegbeye (2015); income was proxy by household per capita total expenditures used by Ogundari and Aromolaran (2014); and Adekoya (2014); while economic growth was measured using Real GDP per capita growth in line with Minniti and Nardone, (2007). In the estimation as a preliminary test, the Jarque-Bera Normality test and line graph trend analysis, and unit root test was conducted.

**5. Results and Discussion**

**A. Preliminary Test**

**I. Descriptive Evaluation**

Table 1: Descriptive statistics

	ENTR	GEDR	EDU	INCM	GDPPC
Mean	48.20000	3.046667	3557519.	3.82E+13	2.422840
Median	48.80000	3.015000	3035020.	3.92E+13	3.040000
Maximum	49.80000	3.220000	9060000.	7.39E+13	5.410000
Minimum	44.20000	3.000000	36.72000	1.11E+13	-3.480000
Std. Dev.	1.947493	0.069194	3793197.	2.33E+13	2.481096
Skewness	-1.369990	1.511884	0.129161	0.208158	-1.056809
Kurtosis	3.334646	4.212806	1.201639	1.521403	3.658014
<b>Jarque-Bera</b>	<b>3.809737</b>	<b>5.307036</b>	<b>1.650416</b>	<b>1.179785</b>	<b>2.450183</b>
<b>Probability</b>	<b>0.148842</b>	<b>0.070403</b>	<b>0.438144</b>	<b>0.554387</b>	<b>0.293731</b>
Sum	578.4000	36.56000	42690229	4.59E+14	29.07408
Sum Sq. Dev.	41.72000	0.052667	1.58E+14	5.99E+27	67.71419
Observations	12	12	12	12	12

Source: Author computation, 2018

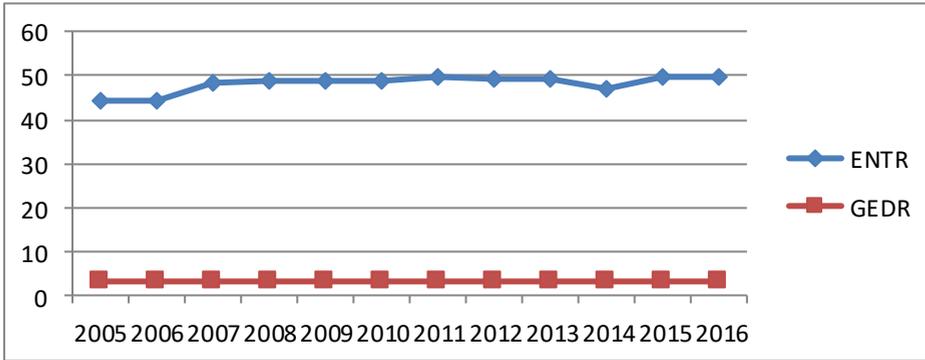
The result of the descriptive statistics presented in Table 1 showed that gender and education are positively skewed since their means are greater than the medians while entrepreneurship, income and level of economic development were not. The skewness coefficient of gender is greater than one indicating

that this variable is highly symmetrical while the skewness coefficient of entrepreneurship, education, income and level of economic development are not. The values of the Jarque-Bera statistics showed that all the variables are not normally distributed since their p-values are not significant at 5% level of

significance. This result suggests the need to correct the issue of normality in the data set through the stationarity test.

**II Trend Analysis**

Figure 1: Trend Industrial output, capital and labour



Source: Author, 2018.

The trend of entrepreneurship and gender differences in Nigeria as shown in Figure 1 showed that over the entire period there was no remarkable growth

in entrepreneurship in Nigeria. Meanwhile gender difference was very low over the entire period of the study.

**II. Lag Selection**

Table 2: Lag-Order Selection Criteria

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-114.4815	NA	0.000164	8.309070	8.591959	8.397667
1	22.54863	207.9078	1.63e-07	1.341474	3.321695*	1.961654
2	62.87380	44.49673*	1.72e-07*	1.043186	4.720741*	2.194950

Source: Author computation, 2018

Based on the result in table 2 a maximum of 2 lags as suggested by sequential modified LR test, Final

prediction error and Hannan-Quinn information criterion (HQ) was used in the analysis

**III. Unit Root Test**

Table 3: Unit root test results.

Variables	ADF Test (Value)		Order of Integration
	Level	First Diff	
ENTR	0.889562	-3.509808	I(1)
GEDR	0.333902	-3.898376	I(1)
EDU	-1.331760	-3.356454	I(1)
INCM	1.577194	-2.168267	I(1)
GDPG	-0.917426	-2.008640	I(1)
Critical Value @	1%	-2.792154	-2.816740

	5%	-1.977738	-1.982344	
	10%	-1.602074	-1.601144	

Source: Author computation, 2018

The result of the Augmented Dickey Fuller (ADF) unit root tests as presented in Table 3 showed that all the variable were not stationary at 5% level of significance. However, after taking their first difference, all the variables were stationary.

**B. Empirical Results**

**I. Result of Gender Difference in Entrepreneurship Model**

The first specific objective of the study which is to investigate whether there is gender difference in entrepreneurship is presented in table 4:

Table 4: Dynamic OLS Estimates

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GEDR	0.372011	0.367789	1.011480	0.4183
C	3.475123	0.410511	8.465362	0.0137
R-squared	0.857789			
Adjusted R <sup>2</sup>	0.502262			
Long-run variance	6.85E-05			
Durbin-Watson stat	1.995110			

Source: Author, 2018

The result obtained from the analysis at 5% level of significance indicate that there was no significant gender difference ( $\beta = 0.372011$ ,  $t=1.011480$ ,  $p>0.05$ ) in entrepreneurship in Nigeria. The coefficient of determination which is 86% approximately, showed that the explanatory variables predict the variation in entrepreneurship adequately.

**II. Result of Socio-Economic and Economic Environment Factors of Gender Difference Model**

The results of the second specific objective of the study which investigates the effect of socio-economic factors and economic environment on gender differences in entrepreneurship is presented in table 5 as follows:

Table 5: Dynamic OLS Estimates

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GEDR	-0.579756	0.234369	-2.473684	0.0482
EDU	-0.000727	0.002210	-0.329027	0.7533
INCM	-0.046029	0.022102	-2.082516	0.0824
GDPPC	-0.013162	0.003366	-3.910210	0.0079
C	1.448254	0.705763	2.052041	0.0860
R-squared	0.657560			
Adjusted R <sup>2</sup>	0.429267			

Long-run variance	0.000430
Durbin-Watson stat	2.004693

Source: Author, 2018.

The result obtained from the analysis at 5% level of significance showed that gender differences ( $\beta=-0.090982$ ,  $t=-3.229165$ ,  $p<0.05$ ) and the level of economic development ( $\beta=-0.154879$ ,  $t=-2.973507$ ,  $p<0.05$ ) exert a significant negative effect on entrepreneurship in Nigeria. Education and income do not showed any effect on gender differences in entrepreneurship in Nigeria. The adjusted coefficient of determination which is 43% approximately showed that as the sample size increase infinitesimal the explanatory variables still account for about 43% of the variations in entrepreneurship.

**IIIV Discussion of Results**

It is evident from the result that, there is no significant gender difference in entrepreneurship in Nigeria. The result also revealed the level of economic development and gender differences are the two main factors responsible for gender differences in entrepreneurship in Nigeria. Our results gives credence to the findings of Minniti and Nardone (2007) on gender in nascent entrepreneurship. It was found that, although work status and education have some minor gender specific impact, the relationships between the likelihood of starting a business and age, household income, work status, and education do not depend on gender. Perceptual variables play a crucial role in explaining differences across genders with respect to entrepreneurial behaviour. As suggested in the study there may be indeed an inherent

difference in the propensity to start a business across genders, and that such differences have primarily perceptual causes, are universal, and do not result from socio-economic and co 70 circumstances. This result corroborates the findings of Fagbohungebe and Jayeoba (2012) on the influence of locus of control and gender on entrepreneurial abilities. It was found that gender difference does not influence entrepreneurial abilities as indicated by findings in this study ( $F(1/651) = 0.522$ ,  $p<0.05$ ). Though literatures appear to suggest that entrepreneurs are people with external locus of control, this was not confirmed in this study. Similar trend is true for gender. It was also in line with the study of Bertoncelej and Kovač (2009) on the question of gender difference in the entrepreneurial orientation of managers in the post-transition economy of Slovenia. The results indicate that there are no gender differences in the variable to spot opportunities, to risk, to innovate, and in the intervening variable to plan, and to follow procedures, but a gender difference exists in the intervening variable to analyse, to quantify, and to justify and in the intervening variables of dexterity and craftsmanship, which could be attributed to gender occupational concentration.

**6. Conclusion and Recommendations**

The study concluded that there is no significant gender difference in entrepreneurship in Nigeria. It was also evident that the level of economic

development and gender differences exerts a significant negative effect on entrepreneurship in Nigeria. This result is an indication that hypothesized relationship between certain personality variables and entrepreneurship should be viewed with caution. The study recommends that in order to ensure equal participation of men and women in entrepreneurship, the level of income of the Nigerian populace should be enhanced through expansionary fiscal

policy by reducing taxes specifically personal income tax and raising productive government expenditure. The economic environment should also be made conducive for entrepreneurial activities to thrive through a policy strategy that expands the level of economic growth in such a way that the benefit of such growth is distributed evenly among the members of the society.

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# A Systematic Review of Service Innovation in the Service Sector

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Received: 24<sup>st</sup> June, 2018; Revised: 17<sup>th</sup> July, 2018; Accepted: 12th January, 2019.

Online Published: March 21, 2019.

URL <http://Journal.covenantuniversity.edu.ng/cjoe/>

**Abstract:** Service innovation offers service firms an opportunity to strategically renew their brands in a continuum that fosters increased interactions between the firm, its customers and other stakeholders. Essentially, the many benefits service innovation concept offers businesses, makes it quite germane for businesses seeking to compete favourably in a fast paced technologically and knowledge based economy we live in. This study therefore conducts a systematic review on Service Innovation in the Service Sector (SISS) with a view to develop a quantitative summary of the field and provide a guide for future researchers. The Systematic Quantitative Assessment Technique (SQAT) developed by Australian researchers Catherine Pickering and Jason Anthony Bryn in 2013, was used to identify and review 94 peer- reviewed service innovation articles within 2008-2017 from six high quality academic databases. The findings of this study is a new study in SISS research with the primary focus of SISS articles on seven themes. 12 out of the 94 papers were found to have taken place in the UK, with China and Taiwan sharing 9 papers each and 8 papers only in Malaysia. All the 94 SISS articles adopted a single research method with 28 papers adopting the use of questionnaire. Also, the study revealed no literatures on SISS exists in Nigeria. Directions for future research were suggested and appropriate conclusions drawn. The findings of this study would look to guide policy planners and researchers alike on the course of current SISS research. This will in turn inform their choice aspects of SISS literatures seeking urgent research. This study is a new addition to existing literature and a novel quantitative summary in the area of service innovation within the service context.

**Keywords:** Service innovation, SQAT, Service firms, Creativity.

## 1. Introduction

The service industry is made up of many firms whose sole purpose is that of delivering high-end quality and affordable services to the consumer market (Chron, 2018). Service, known as an intangible good offers users and customers the needed experiences which makes the service delivery itself an intriguing process (Ding & Keh, 2017; Vickers et al., 2017). The extent to which a firm would adopt or deploy a given service, is dependent on how it designs it, in order to position the firm for a broad range of disruptions that would enhance its competitive standing (Patrício et al., 2018; Thambusamy & Palvia, 2018). Hence, the need to combine the needed processes that will allow businesses, firms and start-ups to apply creativity in transforming available resources into new services to strengthen their value proposition, makes service innovation unavoidable and ultimately choicest option for businesses to be sustainable (Witell, et al., 2017; de Jong, 2017; Holgersson, et al., 2017; Secomandi & Snelders , 2018).

Service innovation has been defined as a new service practice or service solution with several dimensions; ranging from innovation in services known as service products; innovation in service processes and innovation in service organizations (Damanpour et al., 2009; Den Hertog et al., 2010). Most times, it is described in terms of how a firm attends to a customer or how it organizes a new idea to addressing a problem or challenge (Bitner et al., 2008; Edvardsson & Tronvoll, 2013; Lusch & Nambisan, 2015). Typically, service innovation systems comprises of a broad range of activities between individuals; organizations; customers; that will put together systems for information sharing across and within

their network (Bitner, et al., 2008; Chesbrough, 2011). This collaborative nature, can foster a unique combination of the previous dimensions or explore the needed one to transform businesses (Edvardsson & Tronvoll, 2013; Lusch & Nambisan, 2015). However, service firms innovate by adopting all or a combination of the levels that would eventually re-model their businesses, as part of effort directed towards strengthening firm's corporate strategy (Chesbrough, 2011).

Service innovation offers service firms numerous benefits; providing control for several service improvements (Presbitero et al.,2017), generating sustainable technologies and solutions that will make firms more competitive (Dörner et al., 2011; Tsou & Chen, 2012; Carroll & Carroll, 2016), enhancing firms' growth strategies that will maintain good relationships with target groups or market (Dwyer & Edwards, 2009), positioning firms' for better performance(Cheng & Krumwiede, 2010; Salunke et al., 2013; Gong & Janssen, 2015; Szczygielski et al., 2017) and evolving services that will increase customer participation in co-creating value (Candi & Saemundsson, 2008; Rayna & Striukova, 2009; Hanseth & Bygstad, 2015).

However, despite its many benefits and the wealth of scholarship in the field, there is a need to conduct further research owing to the dynamic nature of the market and upsurge in technological advancements (for instance, Block chain and the use of cryptocurrencies that ensures a more democratic, secure, efficient and transparent way of performing transactions using a decentralized consensus of systems). Hence, the urgent need to conduct a systematic quantitative assessment of service firms particularly those that utilize more knowledge powers and

systems in their service delivery. This paper aims at providing a quantitative summary of literatures on service innovation in the service sector by systematically reviewing scholarships as well as providing suggestions and recommendations for future studies whilst identifying research gaps that offer opportunities for future studies.

In this review, Systematic Quantitative Assessment Techniques (SQAT) developed by Byne and Pickering (2013) was adopted to focus on two objectives. First, it aimed to categorize key characteristics of SISS research (i.e. the number of journal articles published, the time and geographic distribution of these articles, the type of articles [conceptual vs. empirical], the research themes explored by these articles, the research methods adopted, and the journal publishers used). Second, it endeavoured to provide directions for future SISS research whilst drawing insights from the characteristics explored which will be valuable to existing service firms, researchers as well as providing a starting point for new researchers who are considering delving into the issue of SISS research. The rest of this review proceeds as follows: The next section is the methodology section, which discusses the method and procedures utilized in conducting this study. This is followed by findings and discussions with highlights on directions for future research based on these findings. Finally, the conclusion is provided with the limitations and additional

suggestions for future research based on these limitations.

## **2. Methodology**

This study adopts a systematic quantitative literature review approach on Service Innovation in the Service Sector (SISS) research using the “Systematic Quantitative Assessment Technique” (SQAT) developed by Pickering and Bryne (2013). The SQAT is used to assess only original peer-reviewed English journal publications in determining their inclusion or exclusion criterion (Pickering and Bryne, 2013). SQAT allows researchers, to thoroughly analyse existing academic literature to produce a structured quantitative summary of the field (Pickering and Bryne, 2014). The method explores the geographical spread of the literature, the research methods employed, the type of literature and their individual major focus (Pickering and Bryne, 2014). The researcher found SQAT to be well structured, comprehensive, and easily replicated. Also it illuminates the most critical subjects and variables for future research which are all important components of a systematic review.

To categorize the articles and to provide structure for the review, SQAT recommends a classification framework consisting of five dimensions. Each dimension and how it is applied in this study is described. Within this framework, a total of ninety-four peer-reviewed English SISS articles were compared across the dimensions outlined in Table 1.

Table 1: Description and Application of SQAT

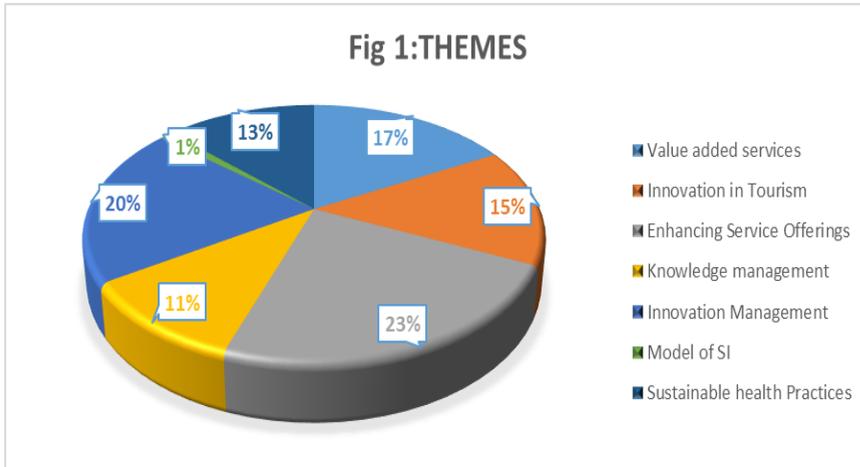
	Dimensions	Application in current study
1.	Define topic	Service Innovation in the Service Sector
2.	Formulate research questions	Five research questions: 1. In which countries were these articles written? 2. What kind of SISS articles were published? (Conceptual vs. Empirical) 3. Which Journal publishers were adopted by the articles? 4. What are the specific themes these papers explored? 5. What research methods were utilized to conduct the research?
3.	Identify key words	“Service Innovation” and “Service Sector”
4.	Identify and search databases	1. 6 databases utilized: Elsevier; Springer; Wiley; Taylor and Francis; Emerald; Sage 2. “All in title” search using “Service Innovation” + “Service Sector” from Google scholar advanced search
5.	Read and assess publications	1. Abstracts of only original peer- reviewed English journal publications found to be dealing with “Service Innovation in the Service Sector” were read. 2. Literature reviews book chapters and conference proceedings were not included; only peer-reviewed conceptual and empirical papers were assessed.

**3. Findings and Results**

**3.1 Themes discussing Service Innovation in the Service Sector**

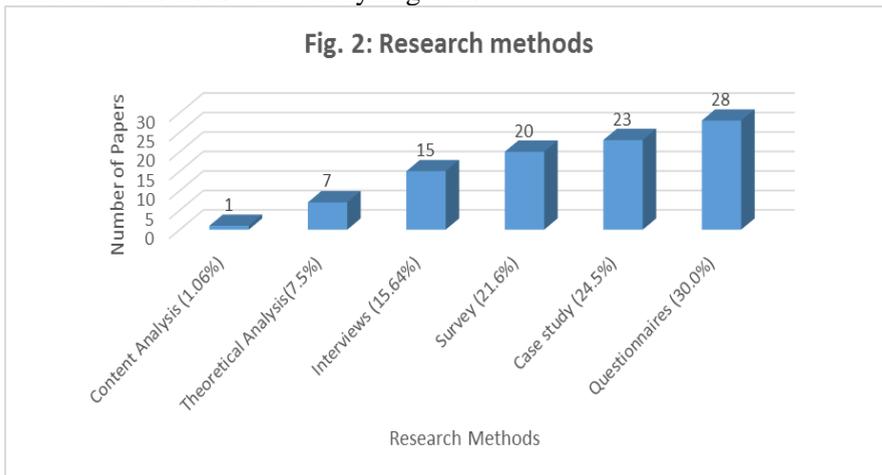
In this review, 7 themes was used in categorizing the central discussions of the 94 journal articles reviewed. Amongst the themes are enhancing service offering (23%), knowledge

management (11%), innovation management (20%), Innovation in tourism (15%), Model of SI (1%), Sustainable health practices (13%) and value added services (17%). All the themes were discussed and areas for future research was suggested (see figure 1)



3.2 Research Methods of articles on Service Innovation in the Service Sector  
 The SISS articles reviewed adopted different methods in analyzing the

various information collected for explaining SISS literatures. (See figure 2 below)



The research method mostly used by the articles reviewed was questionnaires (30%). This involved the distribution of questionnaires to employees and employers alike at organizations which would then be collated to form a basis for analysis in order that appropriate conclusions be drawn from the investigation (Hsieh & Hsieh 2015; Sukkird & Shirahada, 2015; Sarmah et

al., 2017; Taghizadeh et al., 2017; Maldonado-Guzman et al., 2017). The second most used method was case study (24.5%) which involved the use of cases to investigate or understand a trend or concept within an organizational context (Grace et al., 2009; Xiaobin & Jing, 2009; Aromaa & Erikson, 2014; Bjork, 2014; Lee et al.,

2016; Carroll & Carroll, 2016; Fox et al., 2017).

The third most used method was survey (21.3%) which used methods other than interviews and questionnaires but were reported as surveys (Cho et al., 2011; Cho et al., 2012; Choi, 2016; Cowley, 2017; Desyllas et al., 2017).

The fourth most used method was interviews (15.64%) which typically solicited for responses to one-on one conversations with specific questions from an interviewer (Vasileiou et al., 2012; Horng et al., 2017; Vickers et al., 2017; Wang et al., 2017).

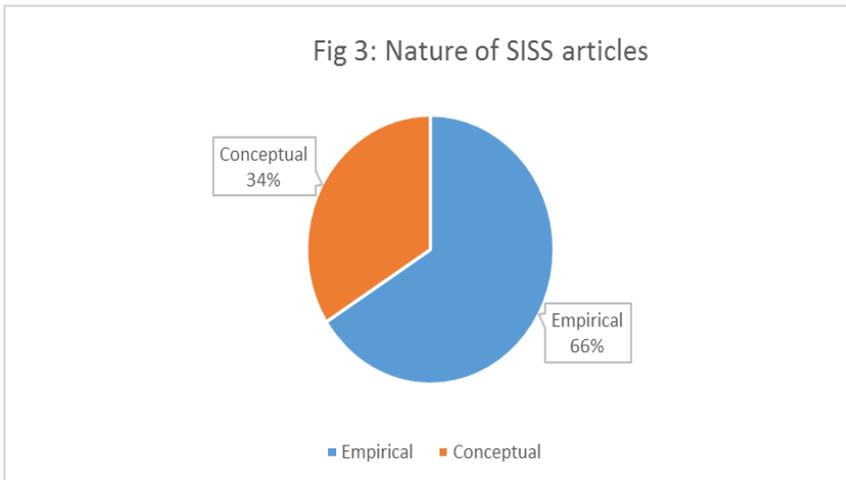
Fifthly, were methods utilizing theoretical analysis (7.5%) in their approach towards using various theories and frameworks to clarify issues pertaining to SISS literatures (Crevani et al., 2011; Gooloba & Ahlan, 2013; Zulkeplia et al., 2015; Tan et al., 2015; Pikkemaat 2016).

Lastly, only two papers adopted the use of content analysis (1.06%). Content

analysis would typically require the researchers to critically examine contents that could be used to explain SISS field (Thomas et al., 2016; Martin-Rios & Pasamar, 2017).

### 3.3 Nature of articles on Service Innovation in the Service Sector

The articles assessed in this study were divided into two main research categories: Conceptual and empirical. The conceptual articles consisted of papers that adopted a theoretical approach of research, that is, they did not conduct practical experiments, analyzing only existing knowledge on SISS. The empirical articles on the other hand, consisted of papers that adopted a practical and experimental approach of research, collecting data, analyzing the data collected and then drawing appropriate conclusions (Conceptual and Empirical: Which is Better, 2016). This classification is presented in the figure below



3.4 Distribution of Journal Top 4 Journal Publishers of Service Innovation Literatures  
 The Figure below, shows the journal publishers with the most papers in the field of service innovation.

Table 2: Journal Distribution of SISS papers

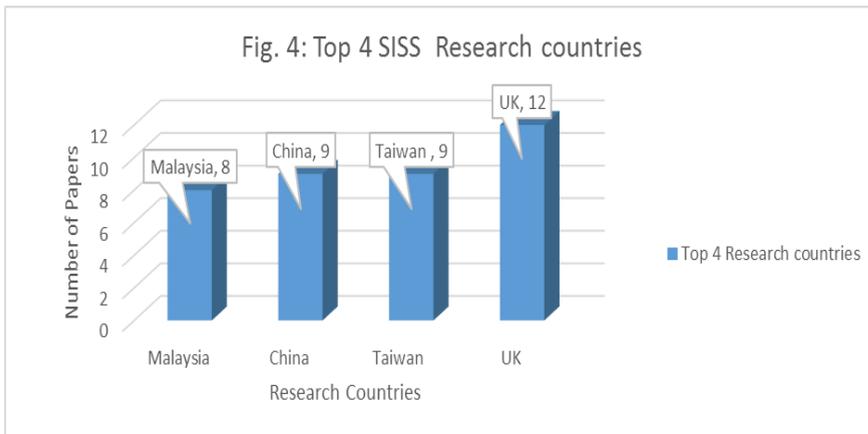
JOURNAL PUBLISHERS	NUMBER OF PAPERS	RANKING
Contemporary Hospitality Management	5	1 <sup>ST</sup>
Service Business	4	2 <sup>ND</sup>
Procedia Social and Behavioural Sciences	4	2 <sup>ND</sup>
Journal of Business Research	3	3 <sup>RD</sup>

The evidence above, shows that International Journal of Contemporary Hospitality Management is the most preferred publisher for Service innovation literatures. Closely following behind, are Service Business and Procedia Social and Behavioural Sciences Journal sharing 4 papers each. And lastly, is the Journal of Business Research with only 3 papers. Other journal sites or publishers have

publications ranging from one or two and were not ranked in our analysis for ease of interpretation.

3.4 Research countries of Service Innovation in the Service Sector Literatures

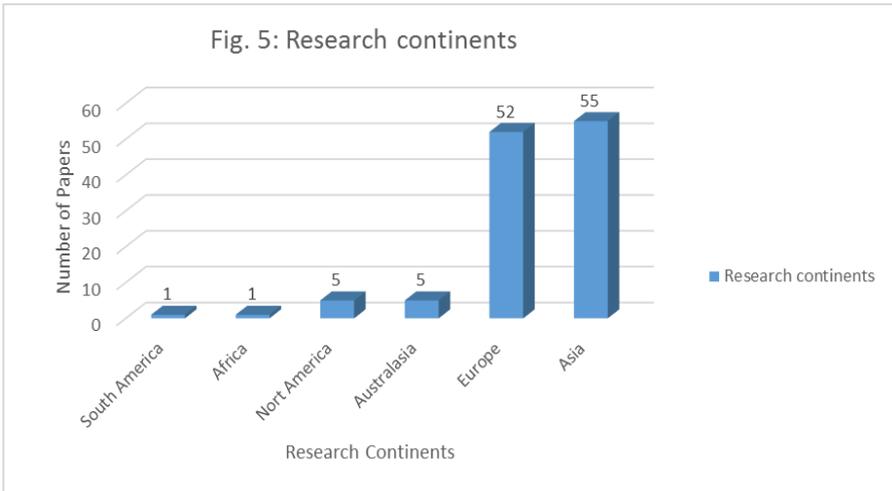
Country-wise, the top four ranked countries from the 94 papers reviewed have been duly represented as below (see figure 4).



From the 94 peer-reviewed journal articles adopted in this study, a representative fraction of the top ranked countries have been computed; United Kingdom has a whopping sum of 12 articles which makes it the most ranked. This is closely trailed by china and Taiwan with a total of 9 papers

respectively. Although lowly ranked in as depicted in the figure above, Malaysia has 8articles credited to it.

3.5 Research continents of SISS Articles Figure 5, shows the distribution of SISS articles according to continents. (See figure 5 below)



From the articles reviewed in this section, Asia is seen as the most ranked continent in terms of service innovation literatures particularly in the service sector with 55 articles credited to the continent. This is closely trailed by Europe with a staggering 52 articles. However, North America and Australasia have 5 papers apiece with South America and Africa sharing a similar faith but with a paper each.

**4. Discussion of Result**

From the themes adopted in this study, 22 papers focused on enhancing service offerings for service innovation in the service sector, representing 23% of the total number of papers assessed in this study. These papers highlighted how active customer participation in service innovation processes will reduce the perceived risk of mistrust and foster customer satisfaction (Agarwal & Selen, 2011; Zhigong et al., 2015; Ganesan & Sridhar 2016), how the competitiveness

of a firms is enhanced (Ordanini & Rubera, 2010; Cho et al., 2012; Harmon & Demirkan, 2012; Tseng et al., 2015; Wang et al., 2017), with the use of diverse channels to increase the value propositions of brands (Weber et al., 2011; Rayna & Striukova, 2009; Cho et al., 2011; Atashfaraz et al., 2016; Jalil, 2016; Winand & Anagnostopoulos, 2017). This group of papers further emphasized the potentials of effective internal marketing in service organizations (Chen 2011; Choi 2016), and how maintaining an entrepreneurial climate that fosters creative disruptions capable of bringing about positive change would help organizations overcome barriers to innovation (Blindenbach-Driessen & Ende, 2014; Maldonado-Guzman et al., 2017). Following closely behind, 19 articles (20%) dealt with how organizations can better manage innovation with a continuous effort towards exploiting the

potentials of employees, fostering creativity, encouraging everyday innovativeness through formalization of innovation processes for greater efficiency (Den-Hertog et al., 2010; Crevani et al., 2011; Sengupta & Chekitan, 2011; Busse & Wallenburg, 2011; D'Alvano & Hidalgo 2012; Kapoor et al., 2015; Martin-Rios & Pasamar, 2017). Furthermore, the papers gave insights on how a firm's strategy, process, technological tools and system could be deployed in an effort to enhance innovation management (Aspara et al., 2017; Presbitero et al., 2017; Taghizadeh et al., 2014).

16 articles (17%) then discussed how value is added to services to refine the value they offer. These papers noted the various forms in which service organizations create value, the processes involved and the use of radical or incremental innovation to better attend to customer needs or break into new markets (Mircea & Andreescu, 2012; Aromaa & Erikson, 2014; Hsieh & Hsieh, 2015; Sebhatu et al., 2016; Chen et al., 2017). Also, they described how various aspects of innovation in terms of managerial competence and the synergy of co-creation in what is described as collaboration between businesses, customers or even across organizations can be used to create value for businesses (Tether & Tajar, 2008; Mention, 2011; Gooloba & Ahlan 2013; Isa et al., 2015; Hong et al., 2016; Sarmah et al., 2017).

Next, 14 articles (15%) focused on how innovation works and how it is been deployed in tourism, how a firm's market oriented strategy would be the service experience needed for a

proactive role in the market (Grace et al., 2009; Jiménez-Zarco et al., 2011; Camarero & Garrido, 2012; Bjork, 2014), they further stressed the importance of competitive aggressiveness as an effort towards responding to formal and informal patterns that of the arena (Peng & Lai, 2014; Pikkemaat, 2016).

Furthermore, 12 articles (13%) stressed how to achieve sustainable healthcare practices using service innovation. Typically, these category of articles discussed how service sustainable healthcare service using innovative means would enhance the quality of service offered to aged persons (Stewart et al., 2012; Chen et al., 2015), how the presence of emergency nurses would enhance service capability and expose areas that were hitherto neglected; poor organizational support and excessive restrictions (Fox et al., 2017), they further emphasized how contemporary practices tailored towards sustainability is re-shaping the healthcare industry (Obon et al., 2011; Pässilä et al., 2013; Abendstern et al., 2014; Gardner et al., 2014; Wass et al., 2015; Khaksar et al., 2017), by identifying the benefits of emergency management systems that offers an integrated information and technological communication that would enhance service delivery through robust services that are timely and well-coordinated (Vasileiou et al., 2012 ; Sukkird & Shirahada, 2015).

Closely trailing the previous theme discussed is the 'knowledge management' representing 10 (11%) articles that discussed extensively on how knowledge management fosters service innovation in the service sector by way of capturing value in the mark

place (Carmona-Lavado et al., 2013; Šebestová & Nowáková, 2015; Desyllas et al., 2017; Islam et al., 2017); how various management approaches are directed towards managing knowledge forms in service firms (Hu et al., 2009; Scupola & Nicolajsen, 2010; Islam et al., 2015); how novel approaches to managing knowledge sources in the libraries would enhance virtual learning and the competitiveness of firms through a collaborative approach that would permit information sharing and organizational innovation (Xiaobin & Jing, 2009; Fischer, 2011; Kang & Kang, 2014; Nguyen et al., 2016).

Lastly, is the model of service innovation, 1% (1). The article modelled service innovation by using simulations to provide better understanding of how the concept works (Albeshr et al., 2016). Only 1 article from the 94 journals reviewed provided a practical guide as to how service innovation would be deployed using the airline industry to hypothesize the different components need for a robust service delivery.

From the evidence in Figure 3, it is observed that most of the articles assessed (66%) were empirical in nature. The research paper in this category provided practical conclusions on issues pertaining to innovation management and how firms can enhance their service offerings (Agarwal & Selen, 2011; Steinicke et al., 2012; Wang & Tsai, 2014; Kiumarsi et al., 2015; Zhao et al., 2017), innovation in tourism (Corte et al., 2009; Grace et al., 2009; Bjork 2014; Isa et al., 2015; Zehrer 2016), knowledge management (Xiaobin & Jing 2009; Scupola & Nicolajsen, 2010; Islam et

al., 2015), value added services (Aromaa & Erikson, 2014; Chen et al., 2017; Sarmah et al., 2017), and sustainable health practices (Chen et al., 2015; Fox et al., 2017; Khaksar et al., 2017).

Contrary to this, only 34% of the articles were conceptual in nature, through the use of theoretical analysis on how service innovation can better be explored (Crevani et al., 2011; Gooloba & Ahlan, 2013; Tan et al., 2016).

By critically examining the UK, it is suggestive that service firms are more concentrated there. According to a report by the European Banking Federation (EBF) in 2016, the UK was ranked the fourth largest banking sector in the world and the largest in Europe. While this could be a significant reason for its high ranking, it is also suggestive that the concentration of other service companies like Fintech could be the reason for its high rating.

In the 2016 report of the International Monetary Fund (IMF) and the CIA World Factbook, where it ranked countries with the most services, China was ranked 2<sup>nd</sup> as the most largest service industry worth over \$5.7 billion and only second to the USA. This gives credence to the fact that, china is seen as a provider of service globally, considering it has cheap labour, which in turn reduces the cost of rendering services.

From the evidence represented earlier, it shows that International Journal of Contemporary Hospitality Management is the most preferred publisher for Service innovation literatures. This shows that researchers looking to access high quality papers and journals with high impact factor, should look to the

International Journal of Contemporary Hospitality.

### **5. Recommendations**

It is observed that most of the articles reviewed were focused on enhancing service offerings and innovation management. While the interest on knowledge management, value added services, innovation in tourism, model of SI and sustainable healthcare practices is commendable, there is still need for scholars to research these areas in order to devise cutting-edge methods of deploying innovative solutions in this areas. This represents a research gap that future researchers should endeavour to fill as it would strengthen institutions and organizations alike on the efficiencies and benefits of deploying service innovations in aspects where the core operational or strategic activities of organizations rests.

From the analysis in figure 3.2, while it is very commendable that primary sources of data are handy in conducting analysis, it is equally important to note that, they come with a lot of bias. Hence, future researches should use a blend of the methods adopted in this study or focus more on secondary data source in conducting a more accurate and robust research.

More so, the disproportionate representation of the article types speaks more on the practicality of service innovation systems. It is expected that this tilt would provide the needed evidences required to improve literatures on service delivery.

However, the findings of this study would look to guide policy planners and researchers alike on the course of current SISS research. This will in turn

inform their choice aspects of SISS literatures seeking urgent research.

From the 94 papers reviewed in this study, whilst Africa has one published article, it is important to note that none of the studies was conducted in Nigeria. Future studies, should consider the Nigerian context.

### **6. Conclusions**

In this study, 94 peer-reviewed journal articles discussing Service Innovation in the Service Sector were systematically reviewed along five research categorizations: geographical distribution, article types adopted in the study, journal distribution, themes representing focal points of the studies, and research methodologies. The findings of this review were discussed and appropriate suggestions and recommendations for future research were deduced.

Despite the acknowledged significance of Service firms and the service sectors to the growth of businesses and that of economies globally, the number of researches on innovation management is far from been exhaustive. Therefore, it is important that more research be carried out on innovation management across and within organization in order that the positive disruptions of the processes would transform businesses.

The major limitation of this study include its restriction to peer-reviewed journal articles, only six databases, as well as the search combinations which included only "Service Innovation" and "Service Sector". Furthermore, in spite of the fact that SQAT methodology requires that only high quality papers be reviewed, future researches can extend their searches to include other

databases, book chapters and conference proceedings.

Also, the restriction on the search combination made it impossible to study all articles on service innovations in the service sector. Hence, it is pertinent to note that this study is less representative than it could have been, and the stated limitations add to the gaps that future research can address.

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