

**EXTENT OF ENTREPRENEURIAL ORIENTATION AS A STRATEGY FOR
IMPROVED PRODUCTIVITY OF SMALL AND MEDIUM SCALE
ENTERPRISES IN ANAMBRA STATE**

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Abstract

This study investigated the extent of entrepreneurial orientation as a strategy for improved productivity of small and medium scale enterprises in Anambra State. Specifically, the study examined the extent to which risk-taking and proactive orientation strategies can help to improve SMEs in Anambra state. Two research question and two hypotheses were formulated for the study and the study adopted descriptive survey research design and population of the study is 2,698 Managers of SMEs registered with Ministry of Trade, Commerce and Industry in Anambra State as at 2022. The Taro Yemane's formular was used to determine a sample size of 348 which was used for the study. The instrument for data collection was a researcher developed four point structured scale. The instrument was subjected to both face and content validation by three experts in the field. The collected data were analyzed using SPSS version 21 and the two research questions were answered using mean and standard deviation. t-test statistical tool was employed in testing the null hypotheses at 0.05 level of significance. The major findings of the study showed that proactive orientation improve productivity of SMEs to a high extent. On the other hand, the findings showed that Risk-taking has low level of improvement on productivity of SMEs. Again, the study revealed that there is no significant difference in the mean responses of the respondents on the extent to which risk-taking orientation can help to improve SMEs in Anambra state based on age, years of work experience and gender respectively. However, it was found that there is significant difference in the mean responses of the respondents on the extent to which Proactive Orientation can help to improve SMEs in Anambra state based on location. It was recommended among others that government, through their different empowerment schemes should support the entrepreneurs by providing EOs training to improve their competence in sustaining their start-up businesses.

Key Words: Risk-taking, Proactive Orientation, Productivity, SMEs, Anambra State,

Introduction

The current economic and social changes in the economy has affected many companies, especially small and Medium-sized Enterprises (SMEs) and minimized their growth opportunities, so they have to direct their strategies towards seeking competitive advantages that will allow them to differentiate themselves from their competitors. This search for competitive advantages requires an adequate professionalization of the companies (Nwosu, et al , 2021). Entrepreneurial orientation is described as the ability to creatively deliver goods/services to customers by allowing independent creativity, investing in lucrative future ideas by taking risk, anticipate future demands by being pro-active and compete aggressively to gain competitive advantage (Ochanya, 2017). Rezaei et al (2018) described EO as the willingness of a firm to display proactive and innovative action and to take calculated risk in an effort to create and exploit environment opportunities. EO as an important process in the organization helps the SMEs to grow and increase performance.

Further Omerzel (2016) stated that entrepreneurial orientation has five dimensions which includes risk-taking, innovativeness, competitive aggression, autonomous and pro-activeness Risk taking is concerned with the tendency and readiness to devote reasonable resources to taking advantage of chances or engaging in business strategies where the result may not be fully known (Abdalla & Mohamad, 2020). Ibrahim and Mahmood, (2016) opined that risk taking refer to the risk factor reflected in decision making assets as well as alternative of products and markets. The practice of threats undermines export barriers and paves the way for the pursuit of new opportunities in foreign markets. Risk taking has a performance-related effect, even if it is less than other parts of the EO. The relationship between risk taking and performance is not too strong than the one between pro-activeness and innovativeness. Risk-taking indicates a firm's loyalty to huge cost projects and taking bold and rapid actions to low losses. It also requires investing heavily in new technologies as well as selling new products or services in new markets (Aigboje, 2022).

Pro-activeness is the opportunity and forward-looking dimensions which includes presentation of new products/services and acting towards future demand. This statement includes a company's willingness to venture the export market. Pro-activeness can also be referred to as a wide variation of activities to include recognizing opportunities and market trends, evaluating the strengths and weaknesses of opportunities, and setting up teams that are able to take advantage of them (Klofsten, et al, 2020).

To achieve these dimensions, the roles of, location and age of the entrepreneurs should be considered. Longinos, et al (2019) stated that age has a direct relationship with individual feeling more qualified to undertake a task. This is justified by the idea that an older person has had more time to become familiar with both business world and the one that concerns him mostly. Also being older shows that the individual have more work experiences ,learning from what works and what does not work, seeking solutions to problems and also adapting to changes in the business.

However good location of business plays an important role to sustain the performance os SMEs . Poor location can cost low productivity and its capital. The decision on where to locate a business determines the availability and utilization of input materials, their collections of points, processing point and materials, their collection to the market. (2022)

It also determines the accessibility of raw materials, labour, market, transportation etc which vary in their significance and influence on SMEs. The indicators of pro-activeness of SMEs includes, building greater trust in customers, identifying and participating in new products, enabling team members to collaborate always, create compatible communication and involve all members of the supply chain in the company's product / service marketing plans, which if implemented correctly will lead to high performance of the organization. Nuelokoli et al (2021) state that SME represents a proactive-oriented approach based on a close relationship with the company's business and marketing strategy, process, and expertise. The supplier management and customer interaction strategy, which are consistent with the proactive process, were found to have a positive impact on organizational performance.

Okoro, (2021) argue that when firms are proactively oriented through interaction with suppliers and customers about materials flow and quality issues, they achieve better scheduling function with regard to speed and time delivery. Suboptimal organizational performance may be due to a weak market and proactive orientation. Effective SMEs include market orientation and cost saving, which enhances the company's financial performance. According to Nwosu, et al, (2021) management and customer relationships, that are part of a proactive orientation, affect organizational performance in terms of short-term deadlines, costs and short life span. Therefore, a high level of customer service system will have a significant positive effect on customer performance. The implication of this is that proactive investment, made voluntarily, has the greatest impact on safety performance where managers and policymakers should pay attention to the procedures and policies that affect financing decisions.

To avert this failure, the development of Entrepreneurial Orientation (EO) should be a target to entrepreneurs because of its pivotal role on entrepreneurial success. According to Nuelokoli et al (2021), the government in year 2006 ordered that entrepreneurship education should be integrated into all programmes proposed in our tertiary institutions of learning as a required course. This was believed to help generate entrepreneurs with sustainable integrity and skills that will facilitate economic growth and development through improved productivity of small and medium scale enterprises in the country.

Small and medium scale enterprises (SMEs) are major agents for economic growth and an intervention for unemployment which reduces the number of people who depends on government for job and help to improve productivity in the country. In a developing country like Nigeria, SMEs, if fully developed have been identified as being beneficial in alleviating poverty through wealth and job creation. This sector can benefit any government that develops it to the extent that it has the capacity to grow a country's gross domestic product (GDP), generate taxes and other revenue, as well as assist in bringing stability in the polity of a country. SMEs play essential role in economic growth and development in both developing and developed countries.

Productivity according to Krugman (2016) is defined as a ratio between the output volume and the volume of inputs. It is the determinant of the efficiency of an enterprise to convert its variable resources into useful finished goods and services. Production is not everything but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per

worker Krugman (2016). Meanwhile to achieve productivity growth in SMEs, there is need for entrepreneurial orientation (EO) to entrepreneurs. However an entrepreneur is an individual who creates a new business, bearing most of the risk and enjoying most of the rewards.

Alaka and Okogua (2022) perceived entrepreneurship as the willingness and the ability of an individual to seek for investment opportunities, to establish and run an enterprise successfully towards a vibrant and successful national economy. It can also be conceptualized to mean the process and activities undertaken by entrepreneurs directed at capturing value associated with business opportunities. Therefore, in view of the identified conditions this study aims to determine the extent to which entrepreneurs in Anambra state possess entrepreneurial orientations dimensions for SMEs increased productivity.

Statement of the Problem

According to literature, Entrepreneurial Orientation equips entrepreneurs with the knowledge, skills and competence required for sustenance and growth of SMEs. In most developing countries of the world especially in the continent of Asia, SMEs are well developed because of the great extent of entrepreneurial orientation (EO) taking place in such countries.

This has helped in the growth and sustenance of SMEs in many countries of Asia such as Malaysia, India, South Korea and many others. In these Asian countries, more than 96% of all their businesses are made up of SMEs (Omolomo, 2015). These businesses provide two out of three private sector jobs on their continents. In South Korea for example there are about 3.5million SMEs which make up 99.9% of the total number of Korean firms. As for the number of employees, Korean SMEs employ approximately 14million people making it 88% of the workforce.

In Africa, observation shows that Entrepreneurial Orientation is still at the infant stage thus affecting the sustenance and growth of SMEs in the country. In Nigeria, many businesses perhaps over 75% of all businesses operating in the country are SMEs. This number of SMEs is expected to have promoted the economic standard and employment status of the country. Unfortunately, the reverse appears to be the case as these SMEs do not grow beyond five years of existence. Anambra State in particular has been seen as one of the states with highest number of SMEs in Nigeria. That notwithstanding, the impact of the SMEs in reducing unemployment rate seems not to have yielded the expected result in the state. This may not be unconnected with the dearth of entrepreneurial orientation in the state.

Anambra State government has made several efforts and interventions toward improving SMEs, but none has really emphasized entrepreneurial orientation as an important factor necessary for improvement of entrepreneurial activities. Consequently, startup SMEs, which ought to impact in unemployment and poverty reduction, continues to fail due to lack of business sustenance practices. Hence, the state continued to face the challenges of persistent unemployment accrued ills which include drug abuse, armed robbery, kidnapping, rape cases, among others.

In order to strengthen the resilience of the economy in a competitive and challenging environment, the fate of the SMEs in Anambra State ought to be uplifted

through entrepreneurial orientation. It is therefore pertinent to examine the extent of risk-taking and proactive orientation as a strategy for improved productivity of SMEs in Anambra State

Purpose of the Study

The main purpose of this study is to examine the extent of entrepreneurial orientation as a strategy for improved productivity of small and medium scale enterprises in Anambra State. Specifically, the study sought to determine the extent to which:

1. Risk-taking orientation can help to improve SMEs in Anambra state
2. Proactive orientation can help improve SMEs in Anambra State

Research Question

The following research questions will guide the study:

1. To what extent does risk-taking improve SMEs in Anambra State?
2. To what extent does proactive orientation improved SMEs in Anambra State

Research Hypotheses

The following null hypotheses were formulated and tested at .05 level of significance

1. There is no significance difference in the mean responses of the respondents on the extent to which risk-taking orientation can improve SMEs in Anambra State based on age.
2. There is no significant difference in the mean responses of the respondents on the extent to which proactive orientation can improve SMEs in Anambra state based on location.

Method

The descriptive survey research design was employed in this study. The study was conducted in Anambra State. The population of this study was 2,698 and comprised TVE graduate Managers of SMEs registered with Ministry of Trade, Commerce and Industry in Anambra State as at 2022. The Taro Yemane's formular was used to determine a sample size of 348 which was used for the study. The instrument for data collection for this study was a questionnaire structured on a 4 – point rating scales and ranges as follows; Very High Extent (VHE, 4.00 – 3.00), High Extent (HE, 2.99 – 2.00), Low Extent (LE, 1.99 – 1.00), Very Low Extent (VLE, 1.00 – 0.99). A Pilot test was used to establish the instrument's reliability; it was administered to 20 managers of small and medium scale enterprises in Enugu Metropolis of Enugu State who are not part of the population of the study. Statistical Package for Social Sciences (SPSS) version 21 was employed in the data analysis. Using Cronbach Alpha reliability method, the obtained data yielded a score of 0.81 for internal consistency which was deemed reliable for the study. The data collected were analyzed using SPSS 20. The research question was answered using mean while standard deviation was used to determine the closeness of the responses of the respondents. When the deviation is less, it means that data points are close to the mean value, and data is considered reliable. In contrast, if the deviation is wide, data points are spread farther from the mean value and such data is considered less reliable. The hypothesis was tested using

t-test at 0.05 level of significance. The decision rule for acceptance or rejection of the hypothesis is that the hypothesis will be rejected if the P-value is less than the stated 0.05 level of significance, else the hypothesis will not be rejected.

Results

The results of the study were based on the research questions and null hypotheses that guided the study.

Research Question

1. To what extent does risk-taking improve performance and sustainability of TVE Entrepreneurs in Small and Medium Scale Enterprises in Anambra State?

Table 1: Mean rating of the respondents on the extent to which risk taking orientation can help to improve performance and sustainability of TVE Entrepreneurs in Small and Medium Scale Enterprises in Anambra State.

	Item Description	Mean	SD	DECISION
1	Taking risk offers SMEs opportunity to learn.	3.07	0.87	Very high extent
2	New venture helps SMEs know opportunity in a new business.	3.33	0.77	Very High extent
3	Innovations are made effective through risk taking.	3.41	0.80	Very High extent
4	Risk taking helps SMEs to be ahead of their competitors.	3.32	0.88	Very High extent
5	Calculated risks bring about positive change in business.	3.41	0.77	Very High extent
6	Absence of performing a positive task brings about negative outcome	3.46	0.58	Very High extent
7	Risk taking creates opportunity for progress	3.23	0.71	Very High extent
8	SMEs that take risks perform better in terms of profitability.	3.12	0.79	Very High extent
9	Critical decision in risk taking leads to high performance in an organization	3.07	0.70	Very High extent
10	Risk taking encourages behaviours that lead to process enhancement	3.33	0.73	Very High extent
Cluster mean =		3.29	0.76	

Table 1 above showed that all the respondents agreed that all the items raised on Risk taking strategy orientation have High extent impact in helping in improvement of productivities of small and medium scale enterprises (SMEs) in Anambra state. This is because the mean responses of all the items fall between 3.07 - to – 3.46. The cluster mean which is 3.29 indicated that generally, the respondents agreed that the extent to which Risk-Taking strategy orientation can help to improve SMEs in Anambra state is very high. The

cluster standard deviation of 0.76 is less and this indicated that the spread of the scores from the mean is less showing that the scores were very close to the mean.

Research Question 2

To what extent does proactive orientation improved SMEs in Anambra State?

Analysis of data relating to this research question is presented in the Table 2
 Table 2:

Mean rating of the respondents on the extent to which proactive orientation can help to improve SMEs in Anambra state.

	Item Description	X⁻	SD	DECISION
1	Taking strategic objectives effectively helps entrepreneurs to have solutions to risks.	3.56	0.73	High Extent
2	Applying proactive initiatives helps entrepreneurs to gain competitive advantage over their competitors.	3.67	0.52	High Extent
3	Forward looking implementation leads to high performance in SMEs.	3.38	0.59	Low Extent
4	Taking proactive measures makes SMEs to stay ahead of other competitors.	3.49	0.59	Low Extent
5	Implementation of proactive orientation helps SMEs establish new work flow technologies over rivalries.	3.63	0.56	High Extent
6	Taking pro-active initiatives whenever the situation demands helps SMEs in realizing profits	3.67	0.50	High Extent
7	Taking pro-active measures leads to developing new markets	3.49	0.70	Low Extent
8	Pro-active orientation of workers helps SMEs to satisfy the needs of ultimate customers	3.41	0.67	Low Extent
9	Pro-activeness helps entrepreneur to identify market trends, in the organization	3.42	0.65	Low Extent
10	Pro-activeness helps in predicting new prospects	3.57	0.62	High Extent
	Cluster Mean	3.53		High Extent

From the Table 2, five items out of the ten items raised in the cluster have mean responses of between 3.56 - to -3.67. This shows that the respondents agreed that these five items out of the ten items raised in the cluster are of high extent impact in helping to the improve productivities of small and medium scale enterprises (SMEs) in Anambra state. This means that those items are the proactive orientations that help entrepreneurs to improve in productivity of small and medium enterprises. On the other hand, the remaining five items have their mean responses fall between 3.38 – to – 3.49 which show the agreement that the extent to which they help to improve SMEs is low. The cluster mean of 3.53 shows that it was generally agreed that the extent to which Proactive Orientation can help to improve SMEs in Anambra state is high This implies that the data was reliable.

**Analysis of Data
 Hypotheses 1**

There is no significant difference in the mean responses of the respondents on the extent to which Risk-taking orientation can help to improve SMEs in Anambra state based on age.

Table 1

Summary of the t-Test Analysis of the responses on the extent to which Risk-taking orientation can improve SMEs in Anambra state based on age.

Risk-Taking Orientation	N	Mean	SD	DF	P-value	Decision
20-29 years	161	3.23	0.574	296	0.27	Not significant
30 years and above	137	3.37	0.511			

The result in the table 1 indicated that there is no significant difference in the mean responses of the respondents on the extent to which Risk-taking orientation can help to improve SMEs in Anambra state based on age. This is because the P-value is 0.27 which is greater than the stated 0.05 level of significant. This therefore means that the null hypothesis is accepted.

Hypothesis 2

There is no significant difference in the mean responses of the respondents on the extent to which Proactive orientation can improve SMEs in Anambra state based on Location.

Table 2:

Summary of the t-Test Analysis of the responses on the extent to which Proactive orientation can help to improve SMEs in Anambra state based on location.

Proactive Orientation	N	Mean	SD	DF	P-value	Decision
Urban Area	235	3.60	0.29	296	0.00	Significant
Rural Area	63	3.28	0.32			

From the table 2 above, it is indicated that the null hypothesis is rejected since the P-value is less than the significant level of .05. This therefore implies that there is significant difference in the mean responses of the respondents on the extent to which Proactive Orientation can improve SMEs in Anambra state based on location.

Summary of Findings

The major findings of the study are summarized as follows:

1. Managers of SMEs agreed that the extent to which Risk-Taking strategy orientation can help to improve SMEs in Anambra state is low.
2. Managers of SMEs agreed Proactive Orientation can help to improve SMEs in Anambra state at a high extent.

Discussion of the findings

The finding of this study is discussed based on the research questions and hypotheses under the following heading.

Extent to which Risk-Taking Orientation can be help to improve SMEs

The study found that the extent to which Risk-Taking strategy orientation can improve SMEs in Anambra state is low. The finding is in conformity with that of Arisi-Nwugbala, Elom and Onyeizugbe, (2016) who revealed that Risk-taking is not of relevance to the performance of SMEs in Ebonyi state. Contradictorily, Obioma, Miebaka and Mark, (2020) revealed that risk taking led to improved customer satisfaction, growth increment and improved social performance of small and medium enterprises in Rivers and Bayelsa states. The small and medium enterprises should apply and adopt risk taking in the operation of their businesses to improve performance.

On the other, the test of the first hypothesis revealed that there is no significant difference in the mean responses of the respondents on the extent to which Risk-taking orientation can help to improve SMEs in Anambra state based on age. This differs from the result of the study carried out by Minniti (2006) which revealed that responses of the business-managers to business risk factors in their forties is different from that of the younger ones. This may be because the costs for the opportunity time increase with the age. These discourage older individuals from choosing the forms of employment involving risk or postponement of satisfaction. However, the present study only required their opinion about risk taking which incidentally agreed with the opinion of the younger individuals.

Extent to which Proactive Orientation can help to improve SMEs

The study revealed that Proactive Orientation can help to improve SMEs in Anambra state at a high extent. This concurs to the findings of Ochanya (2017) and Nuelokoli et al., (2021) which is concurrence that Pro-activeness has significant impact on SMEs business performance in Benue state and South Eastern Nigeria respectively. The similarity in the findings may be as a result of same business acumen which exists in the nation. Proactive Oriented SMEs tend to lead the business with proactive activities, actively implementing better approaches to satisfy customers, hence giving the firm a better leverage. However, the tested second hypothesis indicated that there is significant difference in the mean responses of the respondents on the extent to which Proactive Orientation can help to improve SMEs in Anambra state based on location. Though the literature has not provided supporting or disagreeing evidence to this, but the suspecting rationale may be as result of difference in customers' satisfaction that exists in the different locations due to level of enlightenment and exposure. Hence this affected the responses of managers in the different locations.

Conclusion

This study considered the exploration of the different dimensions of EOs to determine the extent to which they help in the improvement of SMEs in Anambra state.

This study is important to provide information on the necessary entrepreneurial orientation dimension required by entrepreneurs in Anambra state in order to reduce the rate of failures of start-up SMEs and improve their impact in unemployment reduction in the state. Reviewed literature revealed that entrepreneurial orientation provides entrepreneurs with the understanding, skills and competence required for sustenance and development of SMEs. Countries with proper EO implementation record SMEs' high impact in the workforce employment hence contributing meaningfully to the nations' economy. Notwithstanding that Anambra state has the highest number of SMEs in the country; the impact of these SMEs is yet to be felt in the economy.

The entrepreneurs need to be exposed to the different dimensions EOs and understand the extent to which each is required to boost SMEs activities in the state. This study hence examined the extent to which risk-taking and pro-active orientations can help to improve SMEs in Anambra state. The finding of the study shows that risk-taking orientation has low extent of improvement on SMES while pro-active orientations has high extent of improvement on SMEs. The study therefore conclude that risk-taking and proactive orientation Strategy has significantly improve productivity of SMEs in Anambra State

Recommendations

The following recommendations were made based on the findings of this study:

1. The government, through their different empowerment schemes, should encourage the Entrepreneurs to take part in premeditated business risk that will lead to innovative practices.
2. The government of Anambra state should encourage Entrepreneurs to engage in proactive activities that will enable them keep abreast with changes in technology.

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