

Entrepreneurship Orientation and Growth of Small and Medium Scale Enterprises in Bayelsa State, Nigeria

Emelah Gentle E. & B. Chima Onuoha

Abstract:

This study investigated the extent to which entrepreneurial orientation can bring about the growth of SMEs in Bayelsa State. Innovativeness, risk-taking and proactiveness were used as dimensions of entrepreneurial orientation. One hundred and fifty copies of questionnaire were distributed to three local governments in Bayelsa State which are Yenagoa, Kolokuma/Opukuma and Brass LGAs. Our findings show that entrepreneurship orientation has significant effect on SME growth in Bayelsa State. The study further recommended a mental shift from indigenes, a new orientation that would make them depend less on political cakes and encourage their entrepreneurial mindset. This was suggested to keep the youths out of crime and juvenile delinquency.



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Introduction

The contribution of Small and Medium Enterprises (SMEs) towards the development of any country can never be overemphasized (Pratono & Mahmood, 2015). According to Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2017), SMEs provides over 84.02% of labour force employment. It also represents over 96% of businesses in Nigeria and it makes a contribution of over 48.47% towards Gross Domestic Product (GDP) in Nigeria (SMEDAN, 2017). It often plays a pivotal role towards the economic growth of emerging economies, developing economies as well as developed economics all over the world. The strategic intention of small and medium enterprise is geared towards employment generation, poverty alleviation and economic growth (Hafeez, Shariff & Lazim, 2012). An entrepreneur can be defined as an individual or group of individuals who have the initiative to bring about new ideas, starts a new venture, innovate as well as act as a catalyst for a specific project or projects aimed at wealth creation (Badi&Badi, 2006). Ajagu (2005), further defines and an entrepreneur as any individual or group of individuals who owns a business enterprise with the objective of making profit. With these definitions, we see an entrepreneur becoming an agent of social and economic development. Thus, traders, manufacturers, contractors, industrialist etc. can be regarded as entrepreneurs. Entrepreneurial orientation can be described as those decision-making processes and practices which are employed to act entrepreneurial (Lim, 2015). It is viewed as the vehicle which drives successful SME growth and profitability. According to Miller (1983), entrepreneurial orientation has three distinct dimensions namely risk-taking, innovation and proactiveness. However, with the support of Covin & Slevin (1989), (1991) as well as Lumpkin (1996), those dimensions were upgraded from three to five which include; innovation, proactiveness, risk-taking, competitive aggressiveness and autonomy.

Statement of the Problem

Bayelsa State is blessed with numerous natural resources and it produces over 30% of Nigeria's internally generated revenue. However, it is characterized by a poor state of social infrastructure. Such social infrastructure which includes electricity, effective communication system, good roads, good drinking water, etc. are to be made available for SMEs to thrive (Balogun, 2004). Another factor which hinders entrepreneurship in Bayelsa State is the lack of will-power on the part of the state and local governments to provide the required environment for entrepreneurship (Ajagu, 2005). Our political environment has suffered plethora of mal-administration as well as corrupt leadership and this is the singular reason why a state like Bayelsa, is blessed with numerous human and material resources would be listed among the poorest states in the federation.

The over- dependence on oil by the federal government has caused so much damages to the ecosystem that entrepreneurs cannot venture into agriculture and aquaculture because of their lands, waters and air have been polluted. This has resulted into series of crises, protests and militancy within the region which has also created huge setback for entrepreneurial activities. According to Onuoha (2012), some of the business and security challenges in Nigeria includes lack of infrastructure, inadequate security, inconsistent government policies, challenges related to transportation, poor power supply, lack of government support and inability to access fund. These factors do not also eliminate self-induced problems as most entrepreneurs do not employ the services of competent and qualified personnel to manage their technical and managerial positions as well as the lack of necessary knowledge of the

business enterprise. This study would however focus on the extent to which entrepreneurial orientation relates to growth of small and medium scale enterprises in Bayelsa State.

Research Objectives

- i. To examine the extent to which Innovativeness affect SME growth
- ii. To examine the extent to which Risk taking affect SME growth
- iii. To examine the extent to which Proactiveness affect SME growth

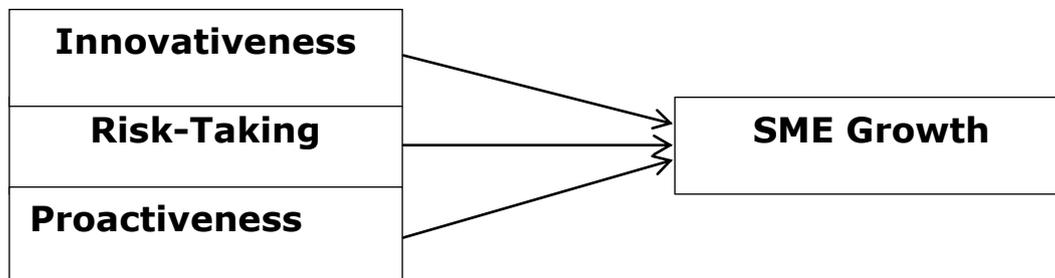


Fig. 1 Operational Framework

Hypotheses

- H0₁ Innovativeness does not affect SME growth
 H0₂ Risk taking does not affect SME growth
 H0₃ Proactiveness does not affect SME growth

Theoretical Framework

This work is anchored on the Theory of Reasoned Action (TRA). This theory was proposed by Ajzen and Fishbein (1969). It proposes that the strongest and most proximal aspect of human behaviour lies in his behavioral intention. Ajzen (1985) is of the opinion that human behavioral intention is a function of his attitude and his subjective norms. The attitude of an individual refers to an individual's response towards certain behavior such as entrepreneurship which could bring about the required growth of SMEs in Bayelsa State. Subjective norm refers to the accepted norms considered by the individual towards the society where he finds himself. This theory is suitable for this work because the act of entrepreneurship is a planned behaviour which is also a product of reasoned action. Entrepreneurship can never thrive where there is no behavioral intention towards providing goods and services at a profit. Entrepreneurs must learn about the kind of services they want to offer to the public. They must also be knowledgeable about the competition within the sector they have considered. This knowledge is a blueprint which would guide all other actions and inactions.

Entrepreneurship Orientation

Entrepreneurship can be defined as the ability to use the factors of production such as land, labour and capital to produce goods and services at a profit (Onuoha, 2010). According to Lumpkin & Dess (1996), entrepreneurial orientation refers to the propensity in an individual or group of individuals to act autonomously, to have the willingness to take risks, innovate, to be proactive towards market opportunities as well as the ability to be aggressive towards competitors. Entrepreneurship orientation was first introduced by Miller (1983). In his proposition, an entrepreneurial firm is one who engages in product-market innovation, comes up with proactive innovation, etc. In the light of this, Miller (1983) proposed three

dimensions namely; innovation, proactiveness and risk-taking. However, Lumpkin & Dess (1996) further expanded the dimension of entrepreneurial orientation with additional two construct which are competitive aggression and autonomy. According to Wales & Gupta (2011), the key factors which drives entrepreneurial orientation are the willingness to take risks and innovate, to be proactive and aggressive towards competitors. Entrepreneurial orientation is a very important factor when considering the act of entrepreneurship in Bayelsa State because there must be an inner drive, a willingness on the part of both the government and the people to ensure that small and medium scale enterprises grow and this can be achieved through the provision of infrastructure necessary for the development of trade and commerce (Oshi, Onwuka & Enyia, 2016). Apart from the provision of good road, water, electricity, ICT etc, there is also a need for individuals to build the entrepreneurial intentions and motivate themselves towards entrepreneurship. Innovation refers to the inclination to commit creativity and experimentation through research and development (R&D) and technological leadership towards generating unique products and services (Schumpeter, 1942). Dess & Lumpkin (2005), further classified innovation into three which are administrative innovation product-market innovation and technological innovation.

Risk taking on the other hand means the willingness of an entrepreneur to pursue opportunities which could either be a success or failure (Morris, Kuratko & Covin, 2008). It is also the propensity embedded on individuals or group of individuals to support projects whose outcomes are filled with uncertainties. Within the concept of entrepreneurial orientation, risk-taking does not refer to gambling but moderated and calculated risk (Lumpkin & Dess, 1996). Proactiveness refers to an opportunity seeking and forward looking behavior which is characterized by being ahead of new competitors in areas of new product development and competitor's advantage for future demand (Lumpkin & Dess, 2001).

SME Growth

The concept of SME was introduced in the early 1940s with the aim of improving trade and industrialization with the present developed countries (OECD, 2004). Definition of SME is relative to the country in question. Hence, a small business in a country like United States, Germany, Japan etc. may meet the requirements of medium or large-scale enterprise in Nigeria Onuoha, (2010). The definition of SME varies in terms of market share, available finance, profit, capital employed, etc. Furthermore, Etuk, Etuk & Baghebo (2014) are of the opinion that SME can be defined based on either qualitative or quantitative measures. Quantitative measures include size of the firm within the industry, number of employee, capital structure, etc. while qualitative measures include the quality of employees, demographic characteristics etc. (Aremu & Adeyemi, 2001). The growth of SMEs can never be underestimated in Bayelsa State because it would strengthen the economy and empower the youths. When SME thrive, there would be less crimes, juvenile delinquency and low unemployment level, with proper entrepreneurship orientation, SMEs within Bayelsa State would grow from being sole proprietorship inclined to a more broader scale. Growth can be measured in different capacities which could range from profit, number of employees, increased scope of business, improved capital structure, etc (Anywanwu, 1991). It is believed that empowerment of indigenes through SME could be the only way of reducing crime and corruption in Nigeria as a whole. This is why there is a continuous effort made by the government at all levels to ensure that areas such as agriculture, skills acquisition training, etc. are developed so that more participants could be involved. Government also provides soft

loans as well as empowerment funds through microfinance agencies so that citizens can key into entrepreneurial activities to boost the economic system (Ebi, 2007). Entrepreneurs need entrepreneurial orientation to grow. Without proper orientation, entrepreneurs may not be guided on the nature of competition within the external environment and the necessary strategies it should employ.

Methodology

150 copies of questionnaire were distributed within three local governments in Bayelsa State namely; Yenagoa, Kolokuma/Opokuma and Brass LGA. Quasi-experimental research design was used for this study and because we are concerned with the cause-effect relationship, Pearson correlation was used for the study.

Data Analyses

Table 1. copies of returned questionnaire

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YENAGOA	50	33.3	33.3	33.3
KOLOKUMA / OPOKUMA	50	33.3	33.3	66.7
BRASS	50	33.3	33.3	100.0
Total	150	100.0	100.0	

Table 1 shows the number of randomly distributed copies of questionnaire which were returned. 50 copies each were retrieved from the three local governments under study making the total number of useful copies 150.

Table 2. Correlation matrix

		Correlations			
		INNOVATVEN ESS	RISK_TAKING	PROACTIVEN ESS	SME_GROWT H
INNOVATIVENESS	Pearson Correlation	1	.616**	.481**	.606**
	Sig. (2-tailed)		.000	.000	.000
	N	150	150	150	150
RISK_TAKING	Pearson Correlation	.616**	1	.758**	.949**
	Sig. (2-tailed)	.000		.000	.000
	N	150	150	150	150
PROACTIVENESS	Pearson Correlation	.481**	.758**	1	.732**
	Sig. (2-tailed)	.000	.000		.000
	N	150	150	150	150
SME_GROWTH	Pearson Correlation	.606**	.949**	.732**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	150	150	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

Table 2 shows the test result of our tested hypotheses.

H0₁ Innovativeness does not affect SME growth

Our first hypothesis shows a significant cause-effect relationship existing between innovativeness and SME growth with a Pearson coefficient of 0.606 and a p-value of 0.000 which is less than alpha of 0.05. this would lead the researcher towards rejecting the stated null hypothesis.

H0₂ Risk taking does not affect SME growth

Our second hypothesis also shows a significant cause-effect relationship between risk-taking and SME growth with a very strong Pearson coefficient of 0.949 which is close to 1 as well as a P-value of 0.000 which is less than alpha of 0.05. we also reject the stated null hypothesis.

H0₃ Proactiveness does not affect SME growth

Our third hypothesis shows another strong cause-effect relationship between proactiveness and SME growth with a Pearson coefficient of 0.732 and a p-value of 0.000 which is also less than alpha. We also reject the null hypothesis.

Summary of Findings

The three null hypotheses tested in this paper were rejected because their p-values were less than alpha of 0.05 although their coefficients vary. Our second hypothesis shows that risk taking had the highest effect on SME growth followed by proactiveness. This implies that no entrepreneurs must learn to be risk takers in order to succeed in their various line of business. The least factor that predicted SME growth was innovativeness and this also implies that no matter how innovative an SME may become, they must ensure they are willing to take risk and think about the future early enough.

Conclusion

This study has revealed that there is a need for entrepreneurs to be grounded on entrepreneurship orientation before embarking on entrepreneurship activities. It has further revealed that innovativeness, risk-taking and proactiveness are very vital to SME growth. SME growth was also considered a vital element towards national development. SME initiatives has always been one of the major objectives of governments within the federal, state and local level and through its initiatives, several thousands of people have been empowered. Bayelsa state is not an exception as it has the natural environment necessary for entrepreneurial activities such as water for aquatic activities as well as oil and gas activities which could empower citizens and reduce social conflict. All that is needed is the necessary infrastructure for SMEs to thrive. There is need for more training and development activities so that indigenes can update themselves with current trends on their chosen entrepreneurial career.

Recommendations

- i. There is need for private partners to support government effort in spreading the knowledge of entrepreneurial orientation within rural communities. NGOs and other Humanitarian foundations can take such knowledge to the interior areas such as Brass and Kolokuma Opokuma areas as well as other interior areas within Yenagoa.
- ii. Citizens must understand that political affiliations do not mean entrepreneurial orientation. They must draw the line between politics and entrepreneurship. There is need for everyone to have a specialization so that when politics fail, their skills can

sustain them. It is not just enough to carry guns and other deadly ammunitions for those who don't care about their wellbeing. They must have some sort of skill to fall back to when other channel of income fails. Infact, becoming entrepreneurs makes them better politicians because it helps their conceptual knowledge in dealing with societal issues.

- iii. Entrepreneurship should be made compulsory from primary schools to university and post graduate level so that poverty mindset can be eliminated totally.

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