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ENTREPRENEURIAL ORIENTATION AND COMPETITIVE ADVANTAGE: EVIDENCE FROM SMES IN SOUTH-SOUTH GEOPOLITICAL ZONE, NIGERIA

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ABSTRACT

In the entrepreneurship literature, there are limited empirical studies that had assessed the relationships between entrepreneurial orientation and competitive advantage as well as the entrepreneurial orientation variable influencing competitive advantage the most in Nigeria. In line with the above, this study examined the relationship between entrepreneurial orientation and competitive advantage of SMEs in south-south geopolitical zone, Nigeria. Cross-sectional survey design was adopted and two hundred (200) questionnaires were administered on SMEs employees in south-south geopolitical zone, Nigeria. Four (4) entrepreneurial orientation dimensions were identified namely market, resource, innovation and strategic orientations. Data obtained were analyzed using descriptive statistics (frequency counts, simple percentage, mean, standard deviation, minimum and maximum values, Pearson correlation), post-estimation statistics (variance inflation factor), and inferential statistics (factor analysis). Foremost, the Pearson correlation revealed that there is a positive relationship between entrepreneurial orientation and competitive advantage. Interestingly, the factor analysis result revealed that innovative orientation is the most significant entrepreneurial orientation variable influencing

competitive advantage; this was accompanied by strategic orientation, resource orientation, and the least, market orientation. The findings of the study will help SMEs in south-south geopolitical zone of Nigeria to be more entrepreneurial-oriented and develop good competitive advantage that will enable them grow, survive and succeed the extremely competitive business landscape.

Keywords: Entrepreneurship, Market orientation, Innovative Orientation, Resource Orientation, Strategic Orientation, Competitive Advantage.

INTRODUCTION

In recent times, Small and Medium Enterprises (SMEs) play increasingly imperative roles in promoting economic development and in driving sustainable market growth in service, production, and trading operations through attracting investment (Egberi & Ighoroje, 2021; and Adeniyi, Derera & Gamede, 2022). Aside these roles *inter-alia*, SMEs are engines of job creation both at the local and national levels (Etim, Ayandele, Etuk & Inyang, 2022). For SMEs in south-south geopolitical zone of Nigeria, the importance of SMEs is not an exception, as they form the hub of development in both manufacturing and commercial activities.

Furthermore, the activities of SMEs in south-south geopolitical zone of Nigeria contribute to increased standard of living; however, their competitive advantage has been limited due to their orientations, which are crucial for modernization and industrialization in Nigeria. According to Kiyabo and Nsubili (2020), entrepreneurial orientation refers to the basic strategy process SMEs employ in enhancing competitive advantage. On the other hand, competitive advance is the ability of SMEs to gain significant proportion of market share and stay ahead of competitors in the industry (Zeebaree & Siron, 2017).

The existence of entrepreneurial management and organizational processes, methods and forms used by SMEs are what has been broadly described as entrepreneurial orientation dimensions. Isfenti, Harjum and Asep (2020) opined that an SME that has orientation is brave enough in risk-taking and proactive in product-innovation. Thus, Moeljadi and Ratna (2019) argued that entrepreneurial orientation is the process and practices via which SMEs become innovative and take risks in a bid to outperform competitors.

In the entrepreneurship literature, several dimensions of entrepreneurial orientations have been identified to include but unlimited to market, resource, strategy, innovation, business orientation, etc. (Moeljadi & Ratna, 2019; Covin & Wales, 2019; Gitau, Mukulu & Kihoro, 2016; Campos & Valenzuela, 2013). In this study, four (4) out of the several dimensions of entrepreneurial orientation were employed in this study, namely market, resource, strategy and innovative orientation.

Notably, in entrepreneurship literature, there are limited empirical studies that had assessed the relationship between entrepreneurial orientation and competitive advantage and in identifying the entrepreneurial orientation dimension that influences competitive advantage the most in Nigeria. Consequent upon the above, this study investigated the relationship between entrepreneurial orientation and competitive advantage of SMEs in south-south geopolitical zone of Nigeria. The remaining portion of the paper is sectioned into: Review of Related Literature; Research Methods; Results; Conclusion and Recommendations.

REVIEW OF RELATED LITERATURE

Entrepreneurship Orientation

Predominantly, entrepreneurial orientation is a momentous contributor to SMEs success, sustainability, operations related with the internal and external environmental factors (Egberi & Okorie, 2021). Notably, the internal environmental factors encompassed the management of SMEs consisting of the emphasis placed on strategic orientation, market, resources, innovation, management structure, reward, culture development and personal attributes of the entrepreneurs (Amin, Thurasamy, Mohamad, Aznur & Kaswuri, 2016; and Eijdenberg, 2016). On the other hand, external environmental factors are social conditions, economic, technological and political dynamics (Anekwe, Ndubuisi-Okolo & Nwanah, 2020).

Accordingly, both the internal and external dynamics are prerequisites for competitive advantage, growth and sustained performance of the SMEs (Eniola, 2021; and Baranauskas & Raišiene, 2022). Thus, entrepreneurial orientation comprises SMEs attitudes towards the market, innovativeness, innovation, market, risk-taking, strategy, to mention but a few. Prior studies (Chenuos & Maru, 2015; Kotane & Kuzimina-Merlino, 2017; Covin & Wales, 2019; Isfenti, et al, 2020; Egberi & Ighoroje, 2021; and Etim, et al, 2022) had shown that entrepreneurial orientation enhances the competitive advantage of SMEs.

In the studies *inert-alia*, it was found that entrepreneurial orientation is positively related to increased performance, growth, sustainability and competitive advantages for SMEs. The literature suggests several entrepreneurial orientation dimensions as market, resource, strategy, innovation, business orientation, etc. (Moeljadi & Ratna, 2019; Covin & Wales, 2019; Gitau, Mukulu & Kihoro, 2016; Campos & Valenzuela, 2013) that are capable of increasing SMEs competitive advantage, growth, sustainability and performance.

In this study, four (4) entrepreneurial orientation dimensions were used: market, resource, strategy and innovative orientation. Kiyabo and Nsubili (2020) noted that SMEs that has entrepreneurial orientation will be courageous in taking risks, innovative and being able to take a significant portion of market share in order to remain ahead of other entrepreneurs in the industry.

Competitive Advantage

The resource-based theory showed that resource, which is the bedrock for enterprise to build capacities, is rare with towering value. However, such resource(s) is specific to each enterprise and some other enterprises find it cumbersome to replicate (Eijdenberg, 2016). According to Amin, et al (2016), Moeljadi and Ratna (2019), competence of an enterprise is directly linked with resources needed to transform the enterprise (resource orientation), technical know-how (innovative orientation), capability of SMEs to gain significant market share (market orientation), and be able to have effective and efficient strategies (strategic orientation).

Consequently, entrepreneurial orientation is a core determinant which SMEs require to gain competitive advantage and remain a leader among other enterprises (Adeniyi, et al, 202). Competitive advantage refers to a profit-seeking strategy enterprises use to realize growth, continue in operations and to become a successful market-leader (Anekwe, et al, 2020; and Zeebaree & Siron, 2017). According to Baranauskas and Raišiene (2022), the process used to realize competitive advantage is hinged on the various actions enterprises uses in creating economic value.

To this end, Chenuos and Maru (2015); and Eniola (2021) asserted that competitive advantage is the lead over competitors, realized by offering more values to customers than values offered by their competitors. Remarkably, several expectations can be realized via competitive advantage, such as increased profits, market share, customers' satisfaction as well as long-term sustainability of the enterprise.

Whilst we acknowledged the plentiful empirical researches on entrepreneurial orientation and competitive advantage in both developed and developing countries, there are limited studies that had assessed the relationship between entrepreneurial orientation dimensions (innovation, market, strategy and resource) and competitive advantage of SMEs in south-south geopolitical, Nigeria; a gap which this study seeks to satisfy. Hence, in line with the above assertions, we thus conceptualized the relationship as shown in Figure 1:

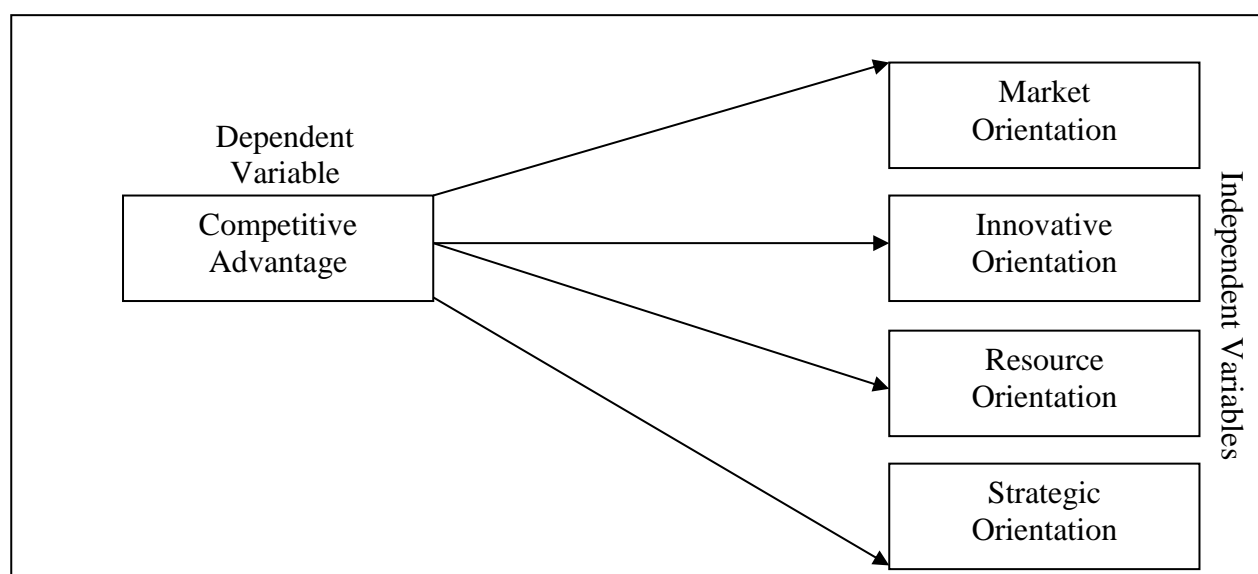


Figure 1: Conceptual Model of the Study
Source: Conceptualized by the Researcher (2023)

Figure 1 captures the conceptual model showing the relationship between the dependent variable (competitive advantage) and the independent variables (entrepreneurial orientation dimensions which include orientation towards the market, innovativeness, resources and strategies).

Theoretical Underpinning

The theoretical framework is hinged on the Theory of Planned Behavior (TPB) which was advocated by Ajzen and Fishbein in 1991. The TPB showed that the attitude of people or entrepreneurs can be premeditated and that the optimal predictor of entrepreneurs' attitude is intention; intention which is informed as a result of their orientation towards the market, resources they hold, strategy formulation and implementation as well as their level of innovativeness.

Furthermore, the TPB showed that the intent to create an enterprise is influenced by three (3) dynamics: personal attitude, subjective norms and perceived controls (Stanto & Eliyana, 2014 as cited in Egberi & Okorie, 2021; and Egberi & Ighoroje, 2021). Thus, the TPB assumed three (3) independent determinants of entrepreneurial success and growth: orientation attitude

towards realizing competitive advantage, perceived subjective norms and control of market share (competitive advantage) and perceived self-efficacy to remain a leader in the industry.

The relevance of the theory to the study is that entrepreneurial orientation can be predicted by entrepreneurs' intention to embark on entrepreneurial activities and the optimal way of assessing entrepreneurial orientation is to assess it in terms of planned behaviour (Mashenene, Macha & Donge, 2014 cited in Egberi & Okorie, 2021; Egberi & Ighoroje, 2021).

RESEARCH METHOD

This study examined the relationship between entrepreneurship orientation and competitive advantage of SMEs in south-south geopolitical zone of Nigeria. Cross-sectional survey research design was employed and primary data (questionnaire) was the major instrument of data collection. The survey comprised SMEs' employees in south-south geopolitical zone, Nigeria. The study population covered SMEs' employees in south-south geopolitical zone, Nigeria

The convenience sampling method was used in determining the sample size of the study; thus a sample of two hundred (200) SMEs' employees in south-south geopolitical zone, Nigeria was obtained. The questionnaire takes 5-point Likert scale of Strongly Agree (SA), Agree (A), undecided (UD), Disagree (D) and Strongly Disagree (SD).

The test re-tests method involving 25 percent of the study sample was obtained and the questionnaire was administered on SMEs employees in the south-west geopolitical zone of Nigeria; Cronbach Alpha coefficients were obtained as follows:

Table 1
Cronbach Alpha for Entrepreneurship Orientation and Competitive Advantage

S/N	Variable(s)	Coefficient(s)
1	Market Orientation	0.85
2	Innovative Orientation	0.76
3	Strategic Orientation	0.82
4	Resource Orientation	0.79
5	Competitive Advantage	0.69

Source: Researcher's Compilation via Field Work, (2023)

The data obtained were analyzed using descriptive statistics (frequency count, simple percentage, mean, standard deviation, minimum and maximum value, Pearson correlation), post-estimation statistics (variance inflation factor - VIF), and inferential statistics (factor analysis). The factor analysis was used to assess the most significant entrepreneurial orientation variable influencing competitive advantage the most.

RESULTS

Table 2
Demographic Variables of Respondents

S/N	Variables	Categories	Frequency	Percentages
1.	Gender	Male	117	58.5%
		Female	83	41.5%
		Total	200	100%
2.	Marital Status	Married	51	25.5%
		Single	117	58.5%

		Unmarried/living with a spouse	13	6.5%
		Divorced	7	3.5%
		Separated	8	4.0%
		Widowed	4	2.0%
		Total	200	100%
3.	Academic Qualification	B.Sc./HND	174	87.0%
		M.Sc./M.Ed.	19	9.5%
		PhD	7	3.5%
		Total	200	100%
4.	Years of Experience	Less than 5years	121	60.5%
		5-10years	71	35.5%
		11-15years	8	4.0%
		16years and above	-	-
		Total	200	100%

Source: Field Survey, 2023

In Table 2, the demographic variables of respondents were presented. The result revealed that 117(58.5%) and 83(41.5%) of the respondents were male and female respectively. On the marital status, it was found that 51(25.5%) and 117(58.5%) are married and single respectively while 13(6.5%) and 7(3.5%) are either unmarried but living with a spouse or divorced; the remaining respondents representing 8(4%) and 4(2%) are separated and widowed respectively. On academic qualification, it was shown that most of the respondents had obtained B.Sc./ HND degrees and M.Sc./M/Ed., representing 174(87%) and 19(9.5%) while only 7(3.5%) had obtained a PhD. The years of experience showed that 121(60.5%) and 71(35.5%) had worked for their enterprises for less than 5years and 5-10years respectively while 8(4%) had worked for 11-15years.

Table 3
Summary of Descriptive Statistics

Items	Obs.	Mean	Std. Dev.	Min Values	Max Values
Market Orientation	200	3.12	0.40	1	5
Innovative Orientation	200	3.04	0.23	1	5
Strategic Orientation	200	3.06	0.31	1	5
Resource Orientation	200	3.09	0.09	1	5
Competitive Advantage	200	3.40	0.76	1	5

Source: Field Survey, 2023

Table 3 showed the summary of descriptive statistics (mean, standard deviation, minimum and maximum values) of the items on entrepreneurial orientations dimensions (market, innovative, strategic and resource) and competitive advantage. The result revealed that all the items on entrepreneurial orientations and competitive advantage scored above the mean cut-off of 2.5. Besides, the standard deviation values clearly showed that the respondents' perception on entrepreneurial orientations and competitive advantage are not too far from each other. Thus, the questionnaire items are good indicators for assessing the relationship between entrepreneurial orientations and competitive advantage.

Table 4

Correlation Matrix

Parameter(s)	CA	MO	SO	RO	MO
Comp. Adv (CA)	1.0000				
Inno. Or. (MO)	0.0339	1.0000			
Strat. Or (SO)	0.0278	0.0038	1.0000		
Res Or. (RO)	0.0112	0.1110	0.0043	1.0000	
Mkt. Or (MO)	0.0383	0.3030	0.0028	0.0862	1.0000

Source: Field Survey, 2023

Table 4 showed that the relationship between the dependent and independent variables of the study; the result showed that the entrepreneurial orientation dimensions were positively correlated with competitive advantage. This implies a positive relationship between the dependent and independent variables of the study. Also, correlation coefficients showed that no two pairs of independent variables were perfectly correlated no coefficients went above 0.8 (Gujarati, 2003 as cited in Okoro & Ekwueme, 2021; Okoro & Ihenyen, 2020).

Table 5

Variance Inflation Factor (VIF)

Parameters	VIF	1/VIF
Market Orientation	1.31	0.7633
Innovative Orientation	1.07	0.9345
Strategic Orientation	1.30	0.7692
Resource Orientation	1.50	0.6666
MEAN VIF	1.30	

Source: Computed by the Researchers (2023)

Table 5 showed the VIF result; the mean VIF (1.130) is less than the VIF threshold of 10; this means that there is the absence of multi-collinearity in the model of entrepreneurial orientation and competitive advantage

Table 6

Factor Analysis of Entrepreneurial Orientations and Competitive Advantage

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	1.66536	1.617228	1.380429	1.380429
Factor2	0.048136	0.128879	0.034705	1.420376
Factor3	-0.08074	0.078951	-0.06689	1.353378
Factor4	-0.20817	-	-0.17258	1.0000

Source: Field Survey, 2023

Unexplained Variance =88.5%

In the study, four (4) factors were found with eigen-values (Table 6); the first factor (factor 1) was found using eigen-value greater than one; factor-loading above 0.5 was selected based on the recommendations of Hair (1998) to establish the minimum-loading necessary to constitute an item It can be seen that the factors explained 88.5% of the total variance. Hence, there is the need for SMEs to practically engage in market, resources, innovation and strategic orientation in order to enhance competitive advantage

Table 7
Factor Loadings (Pattern Matrix) and Unique Variances

Factor	Factor 1	Factor 2	Uniqueness	Commonality $\Sigma(\text{loading})^2$ or $1(-\text{uniqueness})\%$
Market Orientation	0.4838	0.1418	0.7948	24.45%
Innovative Orientation	0.6731	-0.0983	0.5941	44.52%
Strategic Orientation	0.6293	-0.0232	0.6577	38.16%
Resource Orientation	0.5667	-0.0858	0.7231	31.62%

Source: Field Survey, 2023

Table 7 showed the factor-loading estimates and it was shown that four (4) variables were strongly linked with some specific factors. The result indicated that innovative orientation (44.52%) was found to be the most significant entrepreneurial orientation influencing competitive advantage; this was accompanied by strategic orientation (38.16%), resource orientation (31.62%), and lastly market orientation (24.45%).

The findings of the study corroborates with the views of prior researchers (Chenuos & Maru, 2015; Kotane & Kuzimina-Merlino, 2017; Covin & Wales, 2019; Isfenti, et al, 2020; and Baranauskas & Raišiene, 2022) who found a positive relationship between entrepreneurial orientation and competitive advantage, growth, performance and increased sustainability of SMEs.

CONCLUSION AND RECOMMENDATIONS

This study examined if entrepreneurial orientation relates with competitive advantage of SMEs in south-south geopolitical zone of Nigeria using a multivariate approach. While the Pearson correlation showed that there is a positive relationship between entrepreneurial orientation and competitive advantage, the factor analysis results (multivariate approach) revealed that innovative orientation is the most significant entrepreneurial orientation variable influencing competitive advantage; this was accompanied by strategic orientation, resource orientation, and the least, market orientation

The findings of the study will help SMEs in south-south geopolitical zone of Nigeria to be more entrepreneurial-oriented and develop good competitive advantage that will enable them grow, survive and succeed the extremely competitive business landscape. On the basis of the findings, SMEs are encouraged to intensify efforts towards been innovative, strategic and resourceful in their activities; this would enable them remain competitive in the business landscape. This study contributes to entrepreneurship literature by revealing that entrepreneurial orientation positively relates with competitive advantage. In addition, the study contributes to knowledge by showed that innovative orientation is the most significant entrepreneurial orientation variable influencing competitive advantage.

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