

Entrepreneurial Orientation and Resilience of Medium Scale Businesses in Nigeria

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Abstract

The study examined entrepreneurial orientation and resilience of medium scale enterprises in Rivers State, Nigeria. The cross-sectional research design was adopted for this study. The census study technique was espoused for sample size determination given the sample size of 147 medium businesses from the population size of 147 medium scale businesses in Port-Harcourt that are registered with the Port Harcourt Chamber of Commerce. Hence, the population size was used as the sample size because it is manageable. 147 copies of the questionnaire were administered; only 125 copies were returned and analyzed. The findings show that both innovativeness and pro-activeness are significantly related to resilience. We concluded that entrepreneurial orientation is significantly related to organizational resilience. We therefore recommend that organizations should be realistic about their strengths, weaknesses and vulnerabilities that allow them to take appropriate actions when required, while focusing on employee contribution and enablement that allows employee to exhibit appropriate behaviors when faced with adversity at all times.

Keywords: Entrepreneurial Orientation, Resilience and Medium Scale Enterprises.

1.1 Introduction

Medium Scale Enterprises like other forms of businesses face turbulent situations from the external environment; for such business to thrive it must show its fundamental quality to respond proactively and creatively to a substantial change that disrupts the anticipated design of events. Without such fundamental quality it may not be able to survive a prolonged period of degenerating conduct. In essence, the overall resilience of the organization is paramount if it intends to survive. Organizational Resilience has been defined by Kerr (2017) as the “the ability of an organization to anticipate, prepare for, respond and adapt to incremental change and sudden disruptions in order to survive and prosper.” A resilient organization is said to be one that not merely survives over the long term, but also flourishes - passing the test of time (Kerr, 2017). A resilient organization is one that is able to maintain a positive adjustment in the face of a thought- provoking, challenging and puzzling condition.

When firms are showing the capability to absorb strain and still function as intended; or a capability to spring back from problematic and turbulent events; or both – such firms are seen to be resolute in the strong resilient orientation it has.

There would be an obvious balance if such robust resilient awareness is backed by strong entrepreneurial orientation for such firms; especially Small and Medium scale Enterprises (SMEs). Entrepreneurial orientation is linked to the ability of Small and Medium scale Enterprises in this sense to evaluate and exploit openings (Messersmith and Wales, 2013) as well as renew these opportunities or openings to make it more advanced. The advancement value of entrepreneurship orientation is seen as a uninterrupted affiliation, connection, and association which stands out in the singularity of increasingly or progressively competitive and tempestuous, turbulent, and stormy business environment (Messersmith and Wales, 2013), as such; a strong entrepreneurship orientation in terms of innovativeness and pro-activeness is synonymous or identical with investigations into the progressively essential area of SMEs going global.

Earlier studies conducted on entrepreneurial orientation did not consider resilience of medium scale businesses in Rivers State (e.g. Baker, 2002; Zahra and Garvis, 2000); the observable knowledge gap has given rise to departing from earlier studies. Hence, we intend to ascertain the influence of entrepreneurial orientation on resilience of medium scale businesses in Rivers State.

1.2 Statement of the Problem

Robust entrepreneurial orientation is an institutional and organizational response to complex and difficult turbulent situations from the business environment due to lack of integrity, intense competition, lack of marketing and customer loyalty, uncertainty, and lack of resource management amongst others. Building an adaptive capacity through strong entrepreneurial orientation is a priority, given the connection to learning and the need for entrepreneurs to experiment and foster innovative and proactive solutions to complex social and ecological problems. Hence, this study seeks to address any incongruity that is associated with entrepreneurs having a wrong orientation, and find solution to it as well. Tobora (2015) argued that the creation of a country’s wealth and dynamism depends upon the Entrepreneurial orientation of its firms. The study therefore seeks to examine the relationship between entrepreneurial orientation and resilience of medium scale enterprises in Nigeria.

1.3 Aims and Objectives of the Study

The fundamental aim is to determine the influence of entrepreneurial orientation on resilience of medium scale enterprises in Rivers State. The precise objective however, is:

- i. To ascertain if there exist any relationship between innovativeness and resilience of medium scale enterprises in Rivers State.
- ii. To ascertain if there exist any relationship between pro-activeness and resilience of medium scale enterprises in Rivers State.

1.4 Research Questions for the Study

- i. What is relationship between innovativeness and resilience of medium scale enterprises in Rivers State?
- ii. What is relationship between pro-activeness and resilience of medium scale enterprises in Rivers State?

1.5 Research Hypotheses for the Study

Ho1: Innovativeness does not significantly relate to resilience of medium scale enterprises in River State.

Ho2: Pro-activeness does not significantly relate to resilience of medium scale enterprises in River State.

2.0 Theoretical Framework

The hypothetical basis of this study is the psychological theory. It is observable that several studies have (e.g. Messersmith and Wales, 2013) relied on this theory to underpin empirical research on entrepreneurial orientation. Therefore, this research is also based squarely on psychological theory.

2.1 Psychological Theory

Business persons renew the cost-effective happenings and actions by presenting fresh and original ideas, thoughts, philosophies, firsthand procedures, up-to-date products and services for the growth and expansion of any system of production, distribution, and consumption as high relationship is noticed amid the need for attainment inspiration and prosperous commercial and financial activities in the study of motivational orientation (Sexton and Bowman, 1985). Wiklund and Shepherd (2003) viewed development in economics due to high amount of their necessity for attainment inspiration as a result huge goal realization practices. Entrepreneurs' orientation a practice ideology relates to factors creating necessity for attainment inspiration because these gives high sense of psychological satisfaction (Sexton and Bowman, 1985), as it attempts to relate enthusiasm openly with entrepreneurial orientation that it is the instantaneous cause of the free enterprise. Similarly, Wiklund and Shepherd (2003) observed that certain disadvantage in any given society encourages a large minority into entrepreneurship, as the happenings of disturbance in contradiction of the stability of traditional society will be influential to have creative, original, and inspired personalities that would bring about the needed developmental strive.

Sexton and Bowman (1985) proposed that empire-building behavior is a function of the neighboring social structure and it is predisposed by manipulable commercial and social incentives as free enterprise often focused on the psychological physiognomies of entrepreneurs (Wiklund and Shepherd, 2003). Measures of entrepreneurial or enterprise-building potential habitually relate to numerous personality sketches, profiles and demographic characteristics through negligible extrapolative validity (Chen, 2005). It is astonishingly challenging to distinguish or differentiate entrepreneurs from non-entrepreneurs. It is even more difficult to differentiate the potential business person or industrialist, if one relies on disposition or demographic data. Li (2002) argue that while it has been demanded that personality and/or temperament factors obligate the minimum predictability or predictableness, nonetheless there are respectable numbers of studies to demonstrate that behavioural disposition factors/characteristics or otherwise known as proficiency, might well be applied to predict entrepreneurship (free enterprise) in a given group. The stimulus or inspiration of a businessperson is addressed by the competency approach from a progression or behavioural standpoint.

2.2 Entrepreneurial Orientation

Morris and Jones (1999) contended that entrepreneurial enterprises are characterized by the aspiration to revolutionize on a consistent and unflinching basis, enchanting substantial risks in their competitive approaches and product market. Some studies also illustrates that entrepreneurial businesses tend to take further risks than others, and seek fresh commercial or business openings in a preemptive (proactive) fashion (Chen, 2005).

Becherer and Maurer (1997) the organization's entrepreneurial orientation can be seen as an amalgamation and mixture of three different elements namely; innovation, pro-activity and risk taking. Becherer and Maurer (1997) add that the following dimensions: innovativeness and pro-activeness are essential components of entrepreneurship orientation and are pertinent for the overall growth and survival of an entrepreneurial organization. Norton and Moore (2002) noted that there is no innovation without entrepreneurship (private or free enterprise), arguing that the inclination for innovation in isolation is the element that best describes empire-building or entrepreneurial business. Innovation in this regard is seen as the firm's propensity or inclination to

support fresh ideas, experiences and creative or original developments earlier than competitors.

Becherer and Maurer (1997) noted that pro-activity is an imperative element of entrepreneurship. This element is a preemptive and practical approach where we pursue fresh and innovative openings and prospects, which may or may not be related to current happenings commenced by the firm as the firms can be considered proactive when they introduce fresh and innovative products and brands sooner than their competitors. If they also eliminate operations that are in a mature or declining product life cycle faster than their competitors or participate in emerging markets and anticipate the demand for new openings before their competitors.

2.3 Resilience

The concept of resilience has been attaining increasing eminence both within the academic environment and industries over the recent decades (Mallak, 1998). The term is applied in a wide variety of fields which includes ecology, environmental studies, and sociology (Mallak, 1998), individual and organizational psychology, supply chain management in strategic management (Powley, 2009). Mallak (1998) noted the theory of resilience is thoroughly related with the capability and ability of a component to return to a stable state after an interference and is related to both the individual and organizational responses to turbulence and discontinuities.

Resilience is a mutual capacity influenced by individuals, groups or societies that permit them to avert, avoid, minimize or prevail through phases of difficulty or misfortune (Powley, 2009). Understanding how free enterprises certainly adjust under conditions of difficulty or misfortune and emerge more resourceful (robust) will help answer the most insistent questions facing today's organizations and organization theorists (Powley, 2009). Malak (1998) explained that resilience represents perceiving experience profitably; performing positive adaptive and productive behaviours; ensuring suitable and accessible external resources; increasing and expanding decision-making boundaries; developing open-mindedness for uncertainties; and building simulated and cybernetic role systems. In terms of sources of resilience, Malak (1998) summarized four sources that will make entrepreneurial organizations more resilient: virtual role systems; the attitude of knowledge, intelligence, and understanding; and respectful interaction being characteristics that contribute and aid resilience.

2.4 Empirical Review

Madsen (2007) reported that firms focusing on Entrepreneurial Orientation are positively associated with employment growth which is one of the primary policy goals world-wide.

Hashim (2008) conducted a research on entrepreneurial orientation and firm's performance: the role of personality traits and attributes in Malay family firms in Malaysia. The research obtained data through the principal data collection. The collection of the primary data was accomplished and made easy through the use of a mail research instrument. This instrument was used to collect and collate information from questionnaires answered by the operators or owner/manager of entrepreneurial firms who are eligible to answer all the structured questions specified, and they established the fact that entrepreneurial orientation increases the propensity of innovativeness and pro-activeness of the entrepreneurial firm; and has a direct link with the firm's resilience and overall performance. It therefore concluded that business owners /managers must completely deliberate on implementing, applying, and executing policies and procedures to endorse, promote, and encourage an entrepreneurial orientation in their organizations.

Fairoz et al (2010) also reported that Proactiveness, innovativeness, risk taking and overall EO were significantly correlated with market share growth. Results further indicated there were positive correlations among proactiveness and EO with business performance. The findings of Krauss et al (2007), Tobora(2015) and Abu Bakar et al (2015) indicate a strong relationship between EO dimensions and performance.

3.1 Research Design

Research design is concerned with the framework, procedures, fundamental, and essential arrangements that are involve in carrying out a research work, as it involves is a plan that describes how (ways), when (time) and where (place) data are to be collected, collated, processed and analyzed (Kothari, 2008). The cross-sectional research design was adopted because the study deals with the collection of data from respondents at different locations (Kothari, 2008), and the also the respondents were independent and not under the control of the researcher.

3.2 Population for the Study

A research population (being the respondents) is generally a large collection of individuals, elements, or objects that is the core, main, or central focus of a scientific inquiry. It thus represents the respondents upon which a research is carried out (Kothari, 2008). The reachable population is a subgroup of the targeted population which entails all medium scale enterprises in Rivers State. One hundred and forty-seven randomly selected owners/managers of medium scale businesses in Rivers State that are registered with the Port Harcourt Chamber of Commerce were studied using Bowley's proportional allocation technique. Therefore, the respondents for this study comprise the owners/managers of the one hundred and forty-seven medium scale enterprises in Rivers State.

3.3 Sample Size and Sampling Techniques

Mugo (2002) revealed that a sample represents a fixed or predetermined part of a statistical population (respondents) whose properties (features or characteristics) are under studied to gain information and make inferential decision about the whole. In social sciences, it can be explained to mean a set of respondents selected from a larger population for the purpose of a survey. Since the population of the study is not large, we adopted the census technique whereby all the respondents were surveyed. Therefore, sampling will not be required in this study.

3.4 Validity/Reliability of Instrument

Validity of this instrument on entrepreneurial orientation for this study is consistency as innovativeness as a dimension returned a Cronbach Alpha α value of 0.77, while pro-activeness as a dimension of entrepreneurial orientation is $\alpha = 0.74$. This is in line with earlier study by Basil (2005). The reliability was accepted at 0.7 and above as measures were taken to ensure the instrument covered all sides of the constructs under study to satisfy the content validity of the instrument (Nunnally and Bernstein, 1994).

4.0 Results and Data Analysis

Table 1 Model Summary for Innovativeness and Resilience

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.862	.861	.202

a. Predictors: (Constant), Innovativeness

Source: SPSS Output Version 20

The output of the model summary above reports a correlation coefficient value of .928^a indicating the relationship existing between the variables (Innovativeness and resilience) also the adjusted R square of .861 (86.1%); (coefficient of determination) indicating the rate of change in resilience as explained by innovativeness of entrepreneurs.

Table 2 Model Summary for Proactiveness and Resilience

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.856 ^a	.734	.732	.281

a. Predictors: (Constant), Proactiveness

Source: SPSS Output Version 20

The output of the model summary above reports a correlation coefficient value of .856^a indicating the relationship existing between the variables (pro-activeness and resilience) also the adjusted R square of .732 (73.2%); (coefficient of determination) indicating the rate of change in resilience as accounted for by pro-activeness among entrepreneurs.

Test of Stated Null Hypotheses

Table 3 Regression Analysis of Innovativeness with Resilience

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.889	.153		31.945	.000
	Innovativeness	1.015	.034	.928	29.524	.002

a. Dependent Variable: Resilience

Source: SPSS Output

Decision Rule: Accept the null hypothesis (H₀) if the tabulated value is greater than the critical value (P-value) at 0.05 which is the tolerable error of 5%; otherwise accept the alternate hypothesis (Gujarati, 2004).

H₀: Innovativeness does not significantly relate to resilience

The results from the regression analysis indicated that Innovativeness as a dimension of entrepreneurial orientation exhibited a significant positive effect on resilience ($\beta = .928, 0.01$) thus yielding a calculated value of .002 which is less than the P-value set at 0.05 ($r = .002 < .05$) resulting to non-acceptance of the stated null hypothesis (**H₀**) suggesting that there exists significant relationship between Innovativeness and resilience.

Table 4 Regression Analysis of Proactiveness with Resilience

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.961	.125		55.465	.000
	Proactiveness	.579	.030	.856	19.630	.009

a. Dependent Variable: Resilience

Source: SPSS Output

H0₂: Pro-activeness does not significantly relate to resilience

The results from the regression analysis indicated that pro-activeness as a dimension of entrepreneurial orientation exhibited a significant positive effect on resilience ($\beta = .856, 0.01$) thus yielding a calculated value of .009 which is less than the P-value set at 0.05 ($r = .009 < .05$) resulting to non-acceptance of the stated null hypothesis (**H0₂**) suggesting that there exists significant relationship between pro-activeness and resilience.

5.0 Discussion

Our findings is in line with Hashim (2008) who established the fact that entrepreneurial orientation increases the propensity of innovativeness and pro-activeness of the entrepreneurial firm; and has a direct link with the firm’s resilience and overall performance. Our finding is also in support of Becherer and Maurer (1997) that identified the dimensions: innovativeness and pro-activeness as essential components of entrepreneurship orientation and reported that they are pertinent for the overall growth and survival of an entrepreneurial organization. Our findings support Fairoz et al (2010) that reported that Proactiveness, innovativeness, risk taking and overall EO were significantly correlated with market share growth. Results further indicated there were positive correlations among proactiveness and EO with business performance.

6.0 Conclusion

It was however concluded that organizational orientation introduces two appendages namely; innovativeness and pro-activeness that has given rise to the emergence of organizational resilience through the ability of the organization to be realistic about its own strengths, weaknesses, and vulnerabilities that allows them to take appropriate actions when required, while focusing on employee contribution and enablement that allows employee to exhibit appropriate behaviors when faced with adversity at all times.

7. Recommendations

Following the presiding discussions and conclusion; it was recommended that:

- i. Owners and operators of medium scale enterprises in Rivers State should introduce innovative practices through strong entrepreneurial orientation by way of enhancing employee contribution and enablement for resilience.
- ii. Operators and managers of medium scale enterprises in Rivers State should be proactive by harnessing their strengths, and working on their weaknesses, to enable them take appropriate actions when necessary.

Limitations

The results of the study cannot be generalized. Further studies can be carried out in small and large corporations.

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