

# Examining the Relationship between Entrepreneurial Orientation and Market Sustainability Among Micro, Small, and Medium-Sized Enterprises in Northwest Nigeria

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*Abstract: Despite the pivotal roles Micro, Small and Medium Enterprises (MSMEs) play in economic growth and sustainability, its activities are affected by problems such as poor product acceptance, improper customer orientation and unsustainable market expansion among others. To wipe away this, government of Nigeria has been making concerted efforts to put the MSMEs in a good shape. Despite all the efforts, MSMEs today are yet to achieve the desired result. They seem not to be entrepreneurially oriented to achieve market sustainability in the Northwest Nigeria. The objective was to examine the relationship between Entrepreneurial Orientation and Market Sustainability of MSMEs in Northwest Nigeria. The study adopted Descriptive Survey Design, with a population of 6,458, a sample size of 377 was determined using Taro Yamane's (1967) formula. Data were collected using structural questionnaire and analyzed, interpreted and presented using Descriptive Statistic and Pearson Product Moment Correlation. However, the hypotheses were tested using regression with the support of SPSS Version 25.0. The findings revealed that innovativeness, risk-taking and competitive aggressiveness have significant relationship with product acceptance, market expansion and customer orientation of MSMEs in Northwest Nigeria. The study concluded that Entrepreneurial Orientation is a catalyst for MSMEs market sustainability in Northwest Nigeria. It was recommended among others that MSMEs operators are to constantly and consistently improve on their product innovative strategies if they must remain relevant in the market and sustain their business operation in the saturated business environment like Nigeria.*

*Keywords: Entrepreneurial Orientation, MSMEs, Innovativeness, Risk-Taking, Competitive Aggressiveness*

## Introduction

In recent times, campaigns by government, institutions and private walks of life have been directed towards the achievement of self-reliance. This is in recognition of the fact that governments and other walks of life alone cannot cater and provide means of living to all citizens. As such, it becomes necessary for societies to devise means of living especially through self-innovative activities. Therefore, to be self-innovative, people need to embark on entrepreneurship activities and be aware of the value it creates to the society. To accomplish this, entrepreneurial orientation is highly required. Entrepreneurial Orientation (EO) is described as a firm level of tactical orientation which captures a firm's strategy-making exercise, managerial philosophies, and behaviours that are entrepreneurial in nature (Etic, Adabu & Ogar, 2023). Firms are said to have entrepreneurial orientation skills when they support and exhibit entrepreneurial behaviour in their business strategy, policy implementation and management, thereby manifesting a distinctive organizational attribute directed towards achieving sustainable competitive advantage in a given market arena (Covin & Wales, 2023).

Etim et al, (2023) noted that one of the similarities among past Entrepreneurial Orientation research, is the inclusion of innovativeness, proactiveness, entrepreneurial autonomy and calculative risk-taking as central aspects or dimension of the business orientation which the firm needed to remain sustainably strong and competitive.

In a related development, Effiom and Edet (2023) argued that one of the fundamental factors for business sustainability identified in developing and the developed economy, is the adoption of a well-defined Entrepreneurial Orientation mindset in the management of business especially, Micro, Small and Medium Enterprises (MSMEs). MSMEs are pivotal to the growth of the Nigerian economy not because it constitutes about 87% of all enterprises, but because, it contributes to about 61% of the Gross Domestic Product (GDP) (Effiom and Edet, 2023). In spite of this, it is critical for MSMEs in Nigeria to effectively maintain a steady growth, sustain and survive due to persistent organizational and environmental challenges crippling the sustainability of MSMEs.

Studies conducted within the last decade revealed that the market sustainability of MSMEs in both developed and developing nations including Nigeria, could be traced to the effective implementation of Entrepreneurial Orientation (Duru, Ehidiemhen & Chijioke, 2023). Though MSMEs sector in developing countries (Nigeria) is relatively associated with failure due to poor Entrepreneurial Orientation spirit and mindset by owners and managers of these businesses, also many of these owners do not possess the same degree of preference for innovation, proactiveness, calculative risk-taking and resource leveraging skills. However, efforts have been made by business owners, managers and government at different levels to cultivate Entrepreneurial Orientation skills in Nigerian entrepreneurs in order to bring them to the global business map.

The MSMEs have been widely recognized as essential drivers of economic growth, innovation, employment and social integration in both developed and developing countries (Neneh & Zyl, 2017). Therefore, government and policy makers around the globe are focusing on developing sustainable MSMEs to promote economic growth and market sustainability. However, irrespective of the efforts by the Nigerian government and other stakeholders to nurture and grow the MSMEs to achieve market sustainability and growth in Nigeria and the Northwest in particular, the aim is far from being achieved (Garba, 2020). The MSMEs sector is characterized by high MSMEs failure rate which are associated with ill capacity in achieving innovation, proactivity and competitive aggressiveness that move the MSMEs towards achieving market sustainability. This also affects MSMEs product acceptability, market expansion capacity and made MSMEs to have poor customer orientation ability that serve as engine room for sustainable market among the MSMEs in Northwest Nigeria.

### **Problems Statement**

Improper Entrepreneurial Orientation skill and poor market sustainability are the prime obstacles of MSMEs in Northwest Nigeria. It was observed that MSMEs in Northwest Nigeria are characterized with poor product acceptability, improper customer orientation, unsustainable market expansion, inconsistent government policies, limited access to market, multiple taxation among others, leading to slow growth, high failure rate and premature death of MSMEs in the Northwest Nigeria, cannot be ascribed mainly to the stated problems but can also be linked to poor vision of entrepreneurs regarding Entrepreneurial Orientation in the Northwest Nigeria.

Against this backdrop, investigating relationship between Entrepreneurial Orientation and market sustainability of MSMEs in Northwest Nigeria becomes imperative.

### **Objective of the Study**

The broad objective is to examine the relationship between Entrepreneurial Orientation and market sustainability of MSMEs in Northern Nigeria. While, the specific objectives are to:

- 1) Ascertain the relationship that exists between innovativeness and product acceptance of MSMEs in Northwest Nigeria.
- 2) Examine the relationship between risk-taking and market expansion of MSMEs in Northwest Nigeria.
- 3) Examine the relationship between competitive aggressiveness and customer orientation of MSMEs in Northwest Nigeria.

### **Research Questions**

- 1) To what extent does innovativeness relate to product acceptance of MSMEs in Northwest Nigeria?
- 2) To what extent does risk-taking relate to market expansion of MSMEs in Northwest Nigeria?
- 3) To what extent does competitive aggressiveness relate to customer orientation of MSMEs in Northwest Nigeria?

### **Hypotheses of the Study**

- 1) Innovativeness does not significantly relate to product acceptance of MSMEs in Northwest Nigeria.
- 2) Risk-taking does not relate to market expansion of MSMEs in Northwest Nigeria.
- 3) No significant relationship exists between competitive aggressiveness and customer orientation of MSMEs in Northwest Nigeria.

## **Conceptual Review**

### **Entrepreneurial Orientation**

Entrepreneurial Orientation is considered the critical process of an organization that offers reinforcement for MSMEs survival and sustaining in a competitive and dynamic business environment (Covin & Wale, 2023). Entrepreneurial Orientation is the main renewal could influence MSMEs life, without any positive change the business would be distracted by macro-environmental changes (Etim et al, 2017).

Further opined that Entrepreneurial Orientation has been regarded as the means of decisionmaking activities used by entrepreneurs that direct to entry and support of business programmes and as the strategy-making that provides MSMEs with a basis for entrepreneurial decisions.

Entrepreneurial Orientation is regarded as a set of decision-making styles, processes, practices, rules and norms in line with which MSMEs make decision to enhance its innovativeness, risk taking, proactiveness and competitive aggressiveness (Garba, 2020). Anustuti and Suharyono (2018) argued that Entrepreneurial Orientation entails the identification, evaluation, exploitation of opportunities to introduce novel foods and services to the market to remain relevant business and sustainable in a competitive environment. Therefore, Entrepreneurial Orientation has been described as a tradition, norm and valued used by seasonal entrepreneurs for the management of MSMEs toward sustainability.

### **Innovativeness**

This is regarded as a key process that MSMEs are using to achieve competitive and sustainable advantage. Innovations are currently a fundamental prerequisite of competitiveness and it involves a tendency to engage in and support new ideas, novelty, experimentation and creative processes aimed at making business to be strongly relevant and competitively viable (Olubiye et al, 2019). Further lamented that successful companies are currently the ones that implements innovation strategies, invests in research, development and innovations. The basic precondition for the creation and use of innovation in the enterprise is a well formulated and implemented innovative strategy. Innovativeness is a central component in an Entrepreneurial Orientation.

### **Risk-Taking**

Risk taking relates to a business readiness to pursue opportunities despite uncertainty around the eventual success and it entails acting boldly without knowing the consequences (Gupta and Achanya, 2018). Risk taking may also be viewed as a firm's management knowingly devoting huge amount of resources to projects in anticipation of high returns but may also entails possibility of higher failure and it has also been associated with higher performance by individual and this might predict that a

moderate level of risk-taking propensity would be associated with higher level of performance (Ochanya, 2017). However, in terms of different contexts, the effect of the dimension of Entrepreneurial Orientation, including risk-taking, were expected to differ in terms of their effect on performance according to the specific context (Olubiyi et al, 2019). Further argued that entrepreneurs are not typically risk seekers rather like any other rational individuals, they take steps to minimize risks, and this may involve developing strategies that entails a higher tolerance for risk, but the calculation of risks.

### Competitive Aggressiveness

This entails a firm's propensity to directly and intensively challenge its competitors to achieve entry or improve situation that is to outperform industry competitors and close rivals (Okangi, 2019). It is seen as MSMEs capacity to outweigh and be ahead of competitors at capturing every opportunity, and it is seen as the freedom to work on one's idea and initiatives (Okangi, 2019).

Irefe and Bagobiri (2022) pointed out that competitive aggressiveness of SMEs has been considered as and examined as an attribute of proactiveness and entails firm's ability to operate in a fast-changing and intense worldwide competitive environment, competitive aggressiveness is required to maintain a competitive market posture given that consumers are exposed to a diverse range of products and services resulting in changing consumer tastes and preferences. From the foregoing, competitive aggressiveness can be seen as a driving mechanism to withstand the fierce competition and respond appropriately to existing and emerging competitive threats.

Alaka and Okogua (2022) argued that competitive aggressiveness implies the efforts a business makes to out smart its rivals. It is the firm's propensity to directly and intensively challenge its competitors to achieve entry or improve position to outperform industry competitors. In the market place, this is characterized by responsiveness in terms of confrontation or reactive actions.

### Conceptual Framework

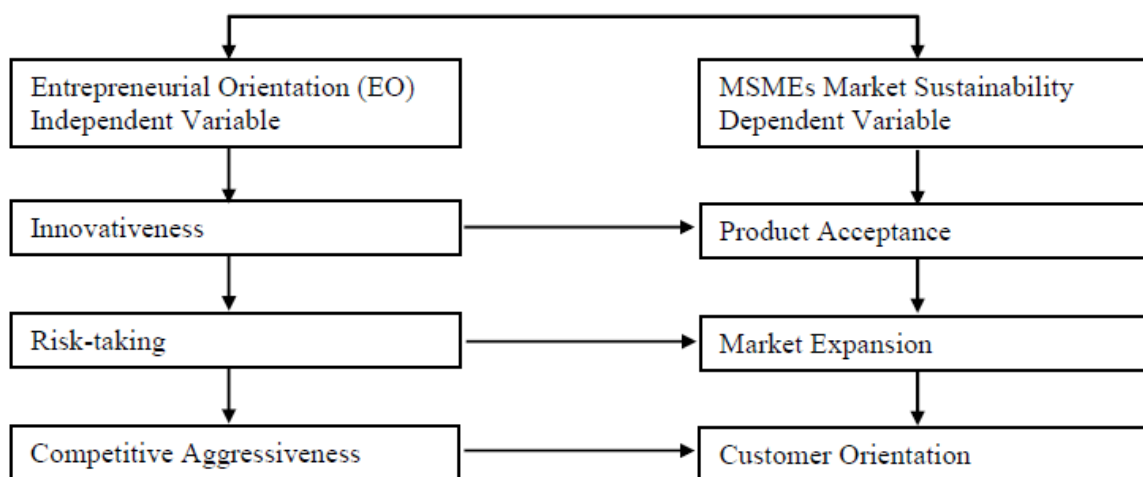


Figure 1: Conceptual Framework showing relationship between EO and MSMEs Market Sustainability

### Theoretical Framework

This study is anchored on Resource Based View Theory (RBV) of Penrose (1954), because it provided a robust basis to the study on the EO and sustainable performance of MSMEs. It also provided a basis for considering the use of human, material and skills resources of the firms in ensuring the accomplishment of sustainable competitive advantage by the operating business. The theory states that a business firm must have valuable, rare, inimitable and nonsustainable resources to have a sustainable competitive advantage over the competitors and this is the catalyst for market sustainability (Gachugo et al, 2018). Under this theory, the firm is viewed as a bundle of strategically vital resources with which EO skills matter in every move to sustained competitive advantage and it is

the resources that ensures long term competitive strength. Resource base view is related to EO, firms' performance, market sustainability and growth since the analysis of orientation of entrepreneurs' values in terms of proactiveness, risk-taking and competitiveness have become one of the most important estimation tools for market sustainable performance and competitive strength (Chiho & He, 2019).

### **Empirical Studies**

Olawale F. (2019) studied on green EO and firm performance in South Africa. It aimed at investigating the impact of green EO on the sustainable performance of firms in the context of the hospital sector. It used a qualitative design and a causal research design. Descriptive statistics and structural equation modelling were used for data analysis. The findings revealed that green EO positively influences the sustainable performance of firms in hospitality industry.

Long, Wang and Wang (2021) carried out study on built to sustain: The effect of EO decision-making logic on new venture sustainability. The objective is to examine the effect of EO decision making logic on new venture sustainability. Descriptive statistics and correlation analysis were employed for data analysis. Findings revealed that there is a significant positive relationship between goal orientation, means orientation and new venture sustainability.

Adamu (2020) studied on the effect of EO on the performance of SMEs in selected North Central, Nigeria. The study aimed to investigate the relationship between EO and performance of SMEs in North Central Nigeria. Multistage sampling was used. Data were analysed using multi-regression analysis while probability values of the estimate were used for hypothesis test. The result shows that competitive strategy hurts SMEs performance in North Central.

Gachugo and Gichira (2018) studied on the effect of EO on the performance of business startups among university graduates in Kirinyaga County. Aimed to establish the effects of EO dimensions on the performance of business start-ups among university graduates and EO effects on the survival and long-lasting performance of MSMEs in Kenya, Kirinyaga county. It revealed that four variables have positive and significant effect on SMEs performance.

### **Gap Knowledge**

None of the empirical studies reviewed, examined Entrepreneurial Orientation as it relates to market sustainability of MSMEs in Northwest Nigeria. therefore, this is the gap in knowledge that this study seeks to fill.

## **Research Methodology**

### **Research Design**

Survey research design was employed for the study. It was used because it ensures the non-manipulation of the sample variables of the study, and has the capacity to fully describe a given situation especially when large data is to be collected and analysed.

### **Population of the Study**

The population comprised of 6,454 Micro, Small and Medium Scale enterprises operating in Northwest Nigeria that are duly registered with appropriate government agencies and relatively operating within a formal system.

### **Sample Size and Sampling Technique**

Judgmental sampling technique study and simple random were used, and sample size was determined using Taro Yamanès (1967) formula via:

$$n = \frac{N}{1 + \frac{N(e)^2}{6.454}}$$

$$n = \frac{6.454}{1 + 6,458(0.000256)}$$

$$n = 376.662$$

$$n = 377$$

Based on the sample size of 377, 377 copies of questionnaires were randomly administered to the respondent that is the MSMEs selected to participate in the survey in Kano, Kaduna and Katsina States of Northwest Nigeria.

### **Instrument for Data Collection**

Questionnaire was used for this study. A five-point Likert Scale Structured Questionnaire was used for the study – Strongly Agreed (SD), Agreed (A), Undecided (U), Strongly Disagreed (SD and Disagreed (DA).

### **Validity of the Instrument**

To ascertain the validity of the research instrument, content and file validity test have been carried out which ensured that the instrument were valid.

### **Reliability of the Instrument**

Cronbach Alpha reliability test was employed, Hair, Hopkins (2014) and Wong (2013) recommended internal consistency of greater than 0.70 as a good measurement.

Method of data Analysis, Presentation and Interpretation for accurate and reliable data analysis, presentation and interpretation, descriptive statistics were employed for data presentation and interpretation while Pearson Product Moment Correlation was adopted for data analysis. The hypotheses were tested using regression at 5% level of significance.

### **Hypothesis One**

HO: Innovativeness does not significantly relate to product acceptance of MSMEs in Northwest Nigeria.

### **Hypothesis Two**

HO2: Risk taking does not relate to market expansion of MSMEs in Northwest Nigeria.

Decision: Accept the alternative hypothesis.

## **Discussion of Finding**

Findings obtained from the test of hypotheses revealed that there is positive and significant relationship between innovativeness and product acceptance of MSMEs in Northwest Nigeria. there is significant relationship between risk taking and market expansion of MSMEs in Northwest Nigeria and there is significant relationship between competitive aggressiveness and customer orientation of MSMEs in Northwest Nigeria. Therefore, the finding is in agreement with the finding of Olubiyi et al, (2019), which found significant relationship between innovation and level of customer product adoption. Timotious (2021) found that innovativeness was related to increase in firm's levels of profitability and contributed towards new product acceptance.

However, Okoli, Nwosu and Miracles (2021) revealed that risk-taking helps MSMEs to lead tge competition with innovative behaviours towards market expansion agenda. And risktaking offers

entrepreneurs the ability to take in a pre-mediated business risk which moves the business to achieving market growth and expansion.

Moreover, the finding of Garba (2020) is in agreement with the finding of this study where positive relationship existed between SMEs capacity to deliver superior value and the rate at which SMEs achieve strong customer orientation advantage among the market segments. And competitive aggressiveness encourages customers business sustainable life by strengthening customer relationship which give birth to business loyalty between the two parties.

## Conclusion

The study inferred the Entrepreneurial Orientation is a catalyst for MSMEs market sustainability in Northwest Nigeria. The acquisition and improvement on Entrepreneurial Orientation skills can positively aid MSMEs market sustainability in Northwest Nigeria. and Entrepreneurial Orientation constructs (innovativeness, risk taking and competitive aggressiveness) make MSMEs to be viable, competitively strong and sustainable in Northwest Nigeria.

## Recommendation

- MSMEs are to constantly and consistently improve on their product innovative capacity if they must remain relevant in the market.
- There is a need for MSMEs in Northwest Nigeria to be risk taking by seizing new marketing explore untapped niches and position their business uniquely.
- MSMEs are to develop the tendency to intensely and directly challenge competitors rather than trying to avoid them, through prompt attempt like product/services introduction, price cutting, reduce marketing spending and improve service delivery.

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