

# Evaluating the relevance of Entrepreneurial Orientation to the Performance of Micro, Small and Medium Enterprises in Ebonyi State, Nigeria

Emmanuel Agwu ARISI-NWUGBALLA<sup>1</sup>

Matthias Egede ELOM<sup>2</sup>

Chinedu U. ONYEIZUGBE<sup>3</sup>

<sup>1,2</sup>Department of Business Management, Faculty of Management Sciences, Ebonyi State University, Abakaliki, Nigeria

<sup>1</sup>E-mail: [nwugballa@gmail.com](mailto:nwugballa@gmail.com)

<sup>3</sup>Department of Business Administration, Faculty of Management Sciences, Nnamdi Azikiwe University, Awka, Nigeria

**Abstract** This study sought to evaluate the relevance of the dimensions of entrepreneurial orientation to the performance of micro, small and medium enterprises (MSMEs) in Ebonyi State, Nigeria. To achieve this, the researchers randomly distributed 400 copies of questionnaire to a sample of MSMEs in the State, and 246 copies were retrieved, representing 61.5 per cent return rate. Data generated were analyzed using Pearson Product Moment Correlation. The study found that three dimensions of entrepreneurial orientation namely; innovativeness, proactiveness and competitive aggressiveness were relevant to, at least, one measure MSMEs performance in Ebonyi State. Innovativeness and proactiveness have significant correlation with customer performance, while competitive aggressiveness has significant relationship with both product and customer performance. Risk-taking and autonomy had no significant correlation with any of the performance measures, suggesting they are not relevant to MSMEs in the State. An important implication of these findings is that strategic policy decisions of MSMEs should, given the present status of Ebonyi State, focus on enhancing their positions in respect of innovativeness, proactiveness and competitive aggressiveness; towards improving their overall performance. The study also provided evidence for the non-universality of the dimensions of entrepreneurial orientation and support for the five-dimensional model of studying entrepreneurial orientation.

**Key words** Entrepreneurial orientation, performance, micro, small and medium enterprises, Ebonyi State, Nigeria

DOI: 10.6007/IJARAFMS/v6-i3/2257

URL: <http://dx.doi.org/10.6007/IJARAFMS/v6-i3/2257>

## 1. Introduction

Micro, small and medium enterprises (MSMEs) are considered as important drivers of economic growth, yet there is no consensus on what constitute MSMEs, even within the same economy. However, this paper defers to Nigeria's National Policy on MSMEs' definition of micro enterprises as enterprises whose total assets are less than ₦5 million (excluding land and building) and less than 10 employees; small enterprises as those whose total assets are above ₦5 million but less than ₦50 million (excluding land and building) and 10-49 employees; and medium enterprises as those with total assets of ₦50 million to less than ₦500 million (excluding land and building) and between 50 – 199 employees. Where there is conflict between asset and employment criteria, the employment criterion takes precedence (NEDEP 2013).

MSMEs nurture entrepreneurship, provide more employment opportunities, and generate income (SMEDAN 2012). MSMEs are also known to introduce innovations, and increase production outputs and exports. It is estimated that MSMEs contribute between 40-55% of gross domestic product (GDP) and 50-80% of employment, while they contribute 75% of total employment in Nigeria (NEDEP 2013). However, it has been difficult for Nigerian MSMEs to effectively play these roles due to persistent organisational and environmental challenges, which include lack of access to adequate and affordable finance, poor infrastructure, and lack of entrepreneurial education (SMEDAN 2012). Other challenges are lack of basic

business knowledge, skills and attitude; high operating costs, marketing, and government policy (NEDEP 2013).

In the bid to mitigate the aforementioned challenges and, by so doing, empower the MSMEs to effectively play their roles, the federal government introduced policies and programmes such as Small and Medium Equity Investment Scheme (2001), National Micro Finance Policy (2005, revised 2011), National Policy on MEMEs (2007), Small and Medium Credit Guarantee Scheme (2010), and National Enterprise Development Programme (2013) etc. Ebonyi State government, on its part, has introduced several measures, especially in the agricultural sector where the State has comparative advantage. The programmes include financial grants/loans, entrepreneurship and vocational training, supply of seedlings and marketing arrangements, including Ebonyi State Youth Agricultural Entrepreneurship Development Programme, etc. Ebonyi State is a State in Nigeria's South-East geo-political zone, populated by 2,176,947 people as at 2006 population census (NBS 2012), and among the poorest States in the country. Its economy is predominantly rural and agrarian, and hosts mostly MSMEs, which makes this study very relevant to its economy.

But in spite of many government interventions, poor performance and outright failure still persist among MSMEs, though it could be argued that most government interventions have majorly focused on financial credit. Globalisation and the opening up of markets to global competition constitute a huge challenge to local MSMEs. By virtue of their sizes and persistently high operational costs (which largely encapsulates other problems); many of these firms find it very challenging competing against big local firms and the influx of cheap imported products from China and other countries. Globalisation intensifies competition and underscores the need for firms to be entrepreneurially oriented. Financial interventions may amount to little, if the benefiting firms are unable to effectively compete or are ill-equipped to do so, which highlights an important weakness of government interventions in MSMEs sector. As global competition intensifies and domestic economic conditions worsen, MSMEs need to hone their performances (and chances of survival) with strong entrepreneurial orientation. This study is predicated on this need.

## **2. Literature review**

However, extant literature on the effect of entrepreneurial orientation on firms' performance show mixed findings. Some studies find significant better performance for firms that adopt strong entrepreneurial orientation (e.g. Hult *et al.*, 2004), while others do not. Some studies also show that entrepreneurial orientation dimensions relate to performance in different ways with the stage of firms' growth playing a moderating role (e.g. Lumpkin and Dess, 2001; Hughes and Morgan, 2007), as well as environment (e.g. Rauch *et al.*, 2009). The mixed findings on the relationship between entrepreneurial orientation and firms' performance suggest there is need for further research on the topic. And since the dimensions of entrepreneurial orientation can be influenced by the environment, there is a further needed to evaluate the relevance of these dimensions to MSMEs performance in Ebonyi State business environment. This is especially the case as the authors are not aware of any such study already conducted.

Deriving from the foregoing, this paper seeks to establish the relevance of the five dimensions of entrepreneurial orientation to the performance of MSMEs in Ebonyi State. This research is expected to inform, and guide MSMEs in making strategic decisions that are capable of enhancing their competitiveness and overall performance. It is also expected to inform a new perspective in public policy interventions to strengthen MSMEs' performance and effectiveness as drivers of economic growth.

### **2.1. Organisational Performance**

Organisational performance is seen as a measure of organisational success with regards to the value it delivers to both internal and external customers (Antony and Bhattacharyya, 2010). However, there are no agreements among researchers on how best to measure organisational performance (Mahmood and Hafina, 2013). Traditionally, cost and account-based measures are frequently used (Demirbag *et al.* 2006), but some recent studies have used perceptual/subjective measures (e.g. Arief *et al.*, 2013). The use of cost and account-based measures has been criticised on grounds of instability, easy manipulation, and difficulty in accessing data due to its high sensitivity (see Al-Swidi and Al-Hosam, 2012). The use of perceptual/subjective measures is strongly supported by the situation in Nigeria, and other developing countries, where most of the MSMEs

are in the informal sector and hardly keep proper accounts, much less making it available to researchers. Consequently, this study adopted perceptual/subjective measures in its evaluation of MSMEs' performance.

This study measured performance as customer and product performances. Customer performance refers to a firm's ability to acquire and retain customers (Thomas & Kumar 2005). The ability of firms to attract new customers and retain old ones is critical towards their survival, growth and prosperity. It can be used to measure both growth and growth potential, and can be a reliable predictor of future performance. Product performance, on its part, relates to the performance of a firm's product(s) in terms of sales and market share, especially in relation to competitors (Hughes & Morgan 2007). Product performance is critical to the survival and overall performance of MSMEs because of the relatively few number of products each of them offers to the market.

## **2.2. Entrepreneurial Orientation**

Entrepreneurial orientation is believed to be essential to firms' growth (Covin *et al.*, 2006), profitability (Lumpkin and Dess, 2001), overall performance (Jantunen *et al.*, 2005; Al-Swidi and Mahmood, 2011), and have positive effect on growth of small and medium enterprises (Gurbuz and Aykol, 2009). Entrepreneurial orientation is seen as decision making with regards to the firms strategy to embark on innovation, proactiveness and risk-taking (Ambad and Wahab, 2013), trends, processes and behaviours that a firm adopts to access either an established market or new one (Campos and Valenzuela, 2013). It is also seen as the methods, practices and decision-making styles of entrepreneurial managers, and can be regarded as a type of strategic orientation since it captures how a firm intends to compete (Jebna and Baharudin, 2015).

Given the competitive nature of today's business environment, firms need to devise means of survival. Being entrepreneurial-oriented simply means being alert to the challenges that the business environment poses, and to continually evolve strategies to surmount those challenges. It is paramount to firms' prosperity in competitive environment (Zainol and Daud, 2011). Everything about entrepreneurial orientation is either aimed at attracting new customers or maintaining existing ones, ahead of competitors. It embodies all the strategies that define a firm's approach to the pursuit of its goals in a competitive environment.

The evolution of entrepreneurial orientation construct is credited to the works of Miller and Khandwala (1977), Miller (1983), and Covin and Slevin (1989, 1991), and has been used in many fields, including management, marketing and the health sector (Al-Swidi and Al-Hosam, 2012). Many scholars recognise entrepreneurial orientation as having three dimensions namely; innovativeness, proactiveness and risk-taking. But Lumpkin and Dess (1996) added two more dimensions namely; competitive aggressiveness and autonomy to the original three dimensions, bringing it to five. This five-dimensional approach apparently provides a comprehensive way of studying entrepreneurial orientation and has been empirically tested (e.g. Hughes and Morgan, 2007; Al-Swidi and Al-Hosam, 2012). We believe that the comprehensiveness of Lumpkin and Dess' (1996) five-dimensional model makes it more appropriate for exploratory studies such as this, hence its adoption.

Another point of controversy is whether the dimensions of entrepreneurial orientation co-vary or vary independently. This has resulted to some researchers treating entrepreneurial orientation as a unidimensional construct while others treat it as multi-dimensional. Out of 51 studies reviewed by Rauch *et al.* (2009), 37 studies treated entrepreneurial orientation as a unidimensional construct while 14 treated it as a multi-dimensional construct. The argument in favour of its unidimensionality is often in respect of the high correlation between entrepreneurial orientation dimensions (Rauch *et al.* 2009). However, many studies have been able to show that the dimensions vary independently and also relate differently to performance based on firms' stage of growth and environment (Lumpkin and Dess, 2001; Hughes and Morgan, 2007), and should be studied as a multi-dimensional construct.

## **2.3. Entrepreneurial Orientation and Performance of Micro, Small and Medium Enterprises**

Many studies find a positive relationship between entrepreneurial orientation and firm performance (e.g. Arif *et al.*, 2013; Campos and Valenzuela, 2013), to mention a few. However, some studies have called such results to question, especially when the dimensions are assessed individually (e.g. Hughes and Morgan, 2007). This shows lack of consensus on the relationship between entrepreneurial orientation and firms' performance. Depending on the firm's condition and age, entrepreneurial orientation dimensions might lead

to favourable outcomes on one performance dimension and unfavourable outcome on another (Arief *et al.*, 2013; Hughes and Morgan, 2007). This study examines the relationship between firm performance and the five dimensions of entrepreneurial orientation (innovativeness, proactiveness, risk-taking, competitive aggressiveness and autonomy) as a multi-dimensional construct. In other words, the relationship between individual dimensions and the adopted performance measures were evaluated.

### 2.3.1. Innovativeness

Innovativeness is seen as the willingness to support creativity and experimentation in introducing new products, novelty, and technological leadership in developing new processes (Lumpkin & Dess 2001). It underpins creativity and willingness to experiment technological system for the development of new products (Rauch *et al.*, 2009). Innovativeness is seen as a process while innovation is the result or end product of the process (Dess and Lumpkin, 2005). In other words, innovativeness refers to firms' capacity or ability to innovate (Hult *et al.*, 2004). Firms' innovativeness is reflected in the frequency of changes in product lines, and investment in both human and material resources committed to innovation activities (Boohene *et al.*, 2012).

Several studies have been undertaken to assess the relationship between innovativeness and MSMEs performance in different countries. Cassilas and Moreno (2010) reported positive relationship between innovativeness and firm's growth in terms of sales, assets and employment. Wang and Yen (2012) established positive relationship between innovativeness and performance among Taiwanese small and medium enterprises (SMEs) in China. Hult *et al.* (2004) also reported positive impact of innovativeness on firms' performance. However, Hughes and Morgan (2007) reported positive relationship between innovativeness and product performance but not customer performance. Idowu (2013) did not find any relationship between innovativeness and firms' performance in Nigeria. However, since innovation derives from innovativeness and innovation promotes new products/processes, which may result in increased customer patronage and loyalty; it becomes reasonable to believe that innovativeness would have a positive relationship with firms' performance. We, therefore, propose that:

*H1:* There is a significant positive relationship between innovativeness and product performance of MSMEs.

*H2:* There is a significant positive relationship between innovativeness and customer performance MSMEs.

### 2.3.2. Proactiveness

Proactiveness refers to an opportunity-seeking, forward-looking perspective involving the introduction of new products ahead of competitors, in anticipation of future demand aimed at changing and shaping the environment in favour of the firm (Lumpkin and Dess, 2001). The essence of proactiveness is to be ahead of competitors and, by so doing, gain first mover advantage and generate customer loyalty (Ambad and Wahab, 2012). Proactiveness leads to introduction of new products or processes ahead of competitors and entails active search for opportunities of doing so (Arif *et al.*, 2013). According to Boohene *et al.* (2012), proactiveness involves achievement-orientation, taking initiative, and creating or anticipating change, etc. Ambad and Wahab (2012) listed responsiveness to market signals, having access to scarce resources and strong commitment to product improvement as some of the characteristics of proactive firms. Proactiveness helps position an organisation to lead rather than follow competitors in key business areas.

Many studies have been carried out on the relationship between proactiveness and firm performance. Casillas and Moreno (2010) find that the more proactive a firm is, the more they are able to capture new business opportunities, and the greater the growth rates of SMEs in Spain. Wang and Yen (2012) also find a positive relationship between proactiveness and sales of Taiwanese SMEs in China. Boohene *et al.* (2012) find that proactiveness among auto-artisans in Cape Coast, Ghana, is positively related to performance. Lumpkin and Dess (2001) also find association between proactiveness and sales growth only for firms operating in a growing industry but not for firms that operate in a mature industry.

However, Hughes and Morgan (2007) find no relationship between proactiveness and young firms' performance. Ambad and Wahab (2013) also did not find any relationship between proactiveness and firms' performance, and concluded that proactiveness is not a significant predictor of firm performance among large

firms in Malaysia. But even though some studies do not find a positive relationship between proactiveness and firms' performance probably due to environmental or organisational factors, it is still very likely that firms need to be proactive to succeed in a competitive global business environment in which competitors are no longer limited to those across the street but in foreign countries such as China, Singapore, India, etc. Proactiveness in developing new products can confer first mover (performance) advantages on a firm. In view of this, we propose that:

*H3:* There is a significant positive relationship between proactiveness and product performance of MSMEs.

*H4:* There is a significant positive relationship between proactiveness and customer performance of MSMEs.

### 2.3.3. Risk-taking

Risk-taking is the tendency to take bold actions such as venturing into new markets, committing large resources into a venture with high level of uncertainty, and borrowing heavily to invest in business with low level of predictability in uncertain environment (Lumpkin and Dess, 2001; Rauch *et al.*, 2009). Mahmood and Hafani (2013) see risk-taking as knowingly devoting resources to projects with chance of high returns but may also entail a possibility of high failure. Business involves risk because many variables that affect their outcome cannot be predicted with certainty. Firms must be willing to lose large resources in pursuance of large profit for it to be regarded as risk-taking. Many studies suggest that firms must summon the courage to take risk and challenge the existing order of things, to achieve better performance (Hughes and Morgan, 2007).

Some studies find a positive relationship between risk-taking and business performance (e.g. Ambad and Wahab, 2013; Boohene *et al.*, 2012). Investment invariably involves taking calculated risks because cash outlay is made with the hope of future returns, which may or may not materialise as expected. For instance, investments in new product development may be a market success or failure. Failure will result in losses, while success may result in customer satisfaction and retention, increased market share, and profits, etc. We, therefore, propose that:

*H5:* There is a significant positive relationship between risk-taking and product performance of MSMEs.

*H6:* There is a significant positive relationship between risk-taking and customer performance of MSMEs.

### 2.3.4. Competitive Aggressiveness

Competitive aggressiveness refers to how firms react to competitive trends and demands that already exist in the market place (Lumpkin and Dess, 2001). Its major feature is combative attitude or response aimed at better positioning itself or overcoming competitors' threats. Competitive aggressiveness is considered as a strong struggle to overcome competitors (Boohene *et al.*, 2012), or intensive effort to outperform rivals, which is characterized by strong offensive posture or aggressive responses to competitive threats (Rauch *et al.*, 2009). It also involves strategies in response to changes in the market place that may endanger the survival of the firm (Short *et al.*, 2010). Competitive aggressiveness can be in form of price war, introduction of superior products, aggressive response to rivals in the market, and exploitation of information (Hussain *et al.*, 2015), or in the adoption of non-conventional methods of competition rather than traditional methods (Lumpkin and Dess, 1996). Competitive aggressiveness is exhibited when firms deploy strategies to ensure they outwit their rivals in the market place. This may, sometimes, even include incurring some avoidable losses to ensure that they beat their competitors.

Many studies have been carried out to assess the relationship between competitive aggressiveness and firms' performance. Boohene *et al.* (2012) find a strong positive relationship between competitive aggressiveness of auto-artisans in Cape Coast, Ghana, and their firms' performance. Lumpkin and Dess (2001) find that competitive aggressiveness can only enhance the performance of firms at mature stage of development and are operating in a hostile environment. Their study show that competitive aggressiveness has no relationship with sales growth, return on investment and profitability which were the performance measures used in the study. Nigeria's business environment is becoming increasingly hostile amidst harsh economic conditions, a situation that potentially encourages competitive aggressiveness among firms due to their desperation to survive. We, therefore, propose that:

H7: There is a significant positive relationship between competitive aggressiveness and product performance of MSMEs.

H8: There is a significant positive relationship between competitive aggressiveness and customer performance of MSMEs.

### 2.3.5. *Autonomy*

Autonomy is seen as independent action by an individual or team with a view to bringing forth new business concept or vision, and pursuing such to completion (Boohene *et al.*, 2012). It is the freedom granted to employees to act in line with their beliefs (Preda, 2013), provided the intent is in the best interest of the firm. In other words, autonomy reflects the authority a firm grants its employees to develop and implement new business ideas, which might seek to correct some flaws in a product or process etc. (Hughes and Morgan, 2007). The level of independence granted to employees to commit the firm reflects the stage of development of the firm involved.

Boohene *et al.* (2012) find a positive relationship between autonomy and business performance while Hughes and Morgan (2007) find no relationship between autonomy and performance of firms in its embryonic stage of growth. Nonetheless, autonomy offers the advantages of specialisation and team work, and gives employees a sense of belonging and greater ownership of organisational goals, which should positively impact firm's performance. We, therefore, hypothesize that:

H9: There is a significant positive relationship between autonomy and product performance of MSMEs.

H10: There is a significant positive relationship between autonomy and product performance of MSMEs.

## 3. Methodology of research

This study adopted a survey research approach to collect quantitative data on the variables of interest namely; performance and the five dimensions of entrepreneurial orientation from a sample of MSMEs operating in Ebonyi State. A sample of 400 MSMEs, drawn from a population of 416,795 MSMEs using Taro Yamane's 1965 formula, was randomly surveyed via questionnaire. 246 usable copies of the questionnaire were retrieved, representing 61.5 per cent return rate.

The questionnaire used to collect data for this study was adapted from Hughes and Morgan (2007) and consists of 25 Likert-scaled items measuring product performance, customer performance, innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy. The questionnaire items were presented in 5-point Likert rating scale ranging from 1 = 'strongly disagree' to 5 = 'strongly agree'. Example of items measuring product performance is: relative to competing products, our products have been more successful in terms of sales; while that of items measuring customer performance is: we have been able to expand our existing customer base this year. On the part of entrepreneurial orientation; example of items measuring innovativeness is: our organisation seeks out new ways of doing things; while example of items measuring proactiveness is: our business initiates actions other firms respond to; etc.

The instrument's internal consistency for the different measures in this study yielded .64, .72, .55, .50, .63, and .70, respectively. Results of the principal component analysis of the data showed good unforced loadings of all the measures, which confirm the validity of the instrument in this study.

Pearson Product Moment Correlation was used to determine the relationship between each of the two measures of performance (customer and product performances) and the dimensions of entrepreneurial orientations namely; innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy, respectively. Analyses were determined at 0.05 level of significance.

## 4. Results and discussions

Table 1 shows the mean, standard deviation and correlation matrix of all the entrepreneurial orientation dimensions, their inter-relationships and the individual relationships of these dimensions with our measures of performance. The results showed a moderate and significant positive correlation between innovativeness and customer performance ( $r = .427, p < .01$ ), resulting in the acceptance of H2, which is consistent with the findings of Wang and Yen (2012) but inconsistent with the findings of Hughes and Morgan (2007).

Table 1. Mean, Standard deviation, Cronbach alpha and Pearson correlation coefficient

Variables	Mean(S.D)	1	2	3	4	5	6	7
1. Product Performance	3.56(0.78)	1						
2. Customer Performance	3.85(0.78)	.412** (.000)	1					
3. Innovativeness	4.04(0.79)	.110 (.086)	.427** (.000)	1				
4. Proactiveness	3.68(0.75)	.122 (.056)	.384** (.000)	.366** (.000)	1			
5. Risk-taking	3.84(0.64)	-.041 (.522)	-.067 (.295)	-.041 (.518)	-.028 (.661)	1		
6. Competitive Aggressiveness	3.83(0.74)	.458** (.000)	.441** (.000)	.257** (.000)	.406** (.000)	-.031 (.634)	1	
7. Autonomy	3.27(0.66)	-.049 (.442)	-.047 (.462)	-.022 (.735)	-.107 (.093)	.067 (.296)	-.155* (.015)	1

\*\* Correlation is significant at the 0.01 level (2-tailed); \* Correlation is significant at 0.05 level (2-tailed)

Furthermore, the result showed a weak and significant positive correlation between proactiveness and customer performance ( $r = .384$ ,  $p < .01$ ) leading to the acceptance of H4. This result is consistent with the findings of Boohene *et al.* (2012), Wang and Yen (2012), and Casillas and Moreno (2010) but is inconsistent with Hughes and Morgan (2007).

Competitive aggressiveness showed a moderate and significant positive relationship with both product performance ( $r = .458$ ,  $p < .01$ ) and customer performance ( $r = .441$ ,  $p < .01$ ), resulting in the acceptance of H7 and H8. These results are consistent with the findings of Boohene *et al.* (2012).

Finally, the results showed statistically insignificant correlations between innovativeness and product performance, proactiveness and product performance, risk-taking and both measures of performance, and between autonomy and both measures of performance, which resulted in the rejection of H1, H3, H5, H6, H9 and H10. The rejected hypotheses imply that the affected dimensions are not relevant to MSMEs performance in Ebonyi State vis-à-vis product or customer performance. These results generally corroborate the findings of Hughes and Morgan (2007) that the dimensions of entrepreneurial orientation are not equally valuable or necessarily desirable for business performance improvement at different stages of firm development. Differences in the relevance of entrepreneurial orientation dimensions in different environments provide evidence of environmental influence on entrepreneurial orientation on business improvement as found by Lumpkin and Dess (2001).

These results are apparently a reflection of Ebonyi State business environment. As pointed out earlier, Ebonyi State economy is largely rural and agrarian. Most of the businesses in the State are MSMEs operating in traditional businesses, especially agriculture and food supply chain, merchandising, hoteling, petroleum product dispensing (filling stations), hair dressing, tailoring, and other businesses that are low risk ventures. There are few, low level activities in mining, manufacturing and technology-based businesses. This situation reflects the status of Ebonyi State as the poorest State in South-East Nigeria and one of the poorest States in Nigeria. Created in 1996, the State is populated by 2,176,947 as at 2006 population census (NBS 2012), has the lowest GDP per capita of US\$197.7 in the South-East (UNDP 2013), and is the fourth poorest State in Nigeria (NBS 2013).

As indicated above, the types of businesses that most MSMEs engage in are low risk ventures suggesting some level of risk aversion partly because of the low level of income and demand in the State. Low income earners' demands tend to be rudimentary and businesses in such environments respond by

predominantly offering rudimentary products, which are usually low risk investments. Most businesses in the Ebonyi State are, therefore, not involved in high-risk ventures. Analogously, innovativeness and proactiveness in product performance are not significantly relevant to MSMEs in the State probably because of the nature of their businesses and size of their operations. There are virtually no manufacturing or technology-based businesses involving high level of risk-taking, competition, and pressure to develop new products and processes, etc. These are factors that probably account for the statistically insignificant correlation between innovativeness and proactiveness with product performance, and between risk-taking and product/customer performance among MSMEs in Ebonyi State.

Similarly, autonomy dimension may not be relevant to the performance of MSMEs in Ebonyi State probably because their sizes and nature of businesses do not support the use of teams and other autonomous work groups. Besides, autonomy in such small businesses, especially in the informal sector, tends to breed negligence, recklessness and squandering of organisational resources. In fact, results of the correlation analyses showed a negative but insignificant correlation between autonomy and performance of MSMEs. This may derive from the poor attitudinal proclivity of some workers, which often discourages business owners from delegating the authority required for autonomy. This situation may account for the statistically insignificant correlation between autonomy and the two measures of performance among MSMEs in Ebonyi State.

It is noteworthy that competitive aggressiveness was significantly relevant to both measures of performance. This can be explained by the increasingly harsh economic conditions in Nigeria generally, and Ebonyi State in particular. The harsh economic environment provokes desperation for survival, which makes competitive aggressiveness a more attractive or logical option. It may also be that competitive aggressiveness may be a cultural trait that accompanies the entrepreneurial disposition of many Igbo people.

## 5. Conclusions, implications and limitations

This study found weak to moderately significant positive correlation between innovativeness\ proactiveness and customer performance, and between competitive aggressiveness and both measures of performance. The results showed that all the dimensions of entrepreneurial orientation are not relevant to MSMEs performance in Ebonyi State. Innovativeness, proactiveness, and competitive aggressiveness were found to be the relevant dimensions in this study. Innovativeness and proactiveness were not relevant to product performance, while risk-taking and autonomy were irrelevant to the two measures of performance used in this study. This may be a reflection of the operational sizes of the MSMEs and the types of businesses prevalent in the State due to the level of its political, economic, social, and technological status.

An implication of this study is that it provides evidence that all the dimensions of entrepreneurial orientation, whether three or five dimensions have no simultaneous universal relevance. What dimensions that are relevant to an economy depend on the peculiarities of the economy. Furthermore, the study supports the five dimensional model of entrepreneurial orientation as a more comprehensive model because the three dimensional model would not have captured competitive aggressiveness, which happens to be relevant to the performance of MSMEs in this study.

Most importantly, the outcome of this study suggests that MSMEs' strategic policy decisions should focus on enhancing their positions in respect of the three relevant entrepreneurial orientation dimensions namely; innovativeness, proactiveness, and competitive aggressiveness; towards improving their overall performance. MSMEs' improvements in the three dimensions would, given the present status of Ebonyi State, enhance their competitiveness, improve their performance, and deepen their chances of survival, growth, and success.

However, this study is limited by the weaknesses inherent in the use of questionnaire as instrument of data collection (Saunders *et al.*, 2000). Secondly, this study considered MSMEs generally, without disaggregating them into sectors and stage of development. There is a possibility that the results may be different if the MSMEs are disaggregated in these ways. We, therefore, recommend that future studies should consider disaggregating the MSMEs into sectors and stages of development. We also recommend that future studies should use other measures of performance to enrich our understanding of the relevance of entrepreneurial orientation to the performance of MSMEs in Ebonyi State.



## References

1. Abiodun, E.A. (2014). The role of SME firm performance in Nigeria: *Arabian Journal of Business Management Review, (OMAN chapter)*, 3(12), 33-47.
2. Al-Swidi, A.K. and Al-Hosam, A. (2012). The effect of entrepreneurial orientation on the organisational performance: a study on the Islamic Banks in Yemen using the partial least squares approach: *Arabian Journal of Business and Management Review, (OMAN chapter)* 2(1)73-84.
3. Al-Swidi, A.K. and Mahmood, R. (2011). Enhancing a bank's competitive advantage through the integration of TQM practices, entrepreneurial orientation (EO), and organizational culture. *European Journal of Social Sciences*, 20(2), 299-313.
4. Ambad, S.N.A. and Wahab, K.A. (2013). Entrepreneurial orientation among large firms in Malaysia: contingent effects of hostile environments. *International Journal of Business and Social Science*, 4(16), 96-107.
5. Antony, J. P. and Bhattacharyya, S. (2010). Measuring organisational performance and organisational excellence of SMEs-part 2: an empirical study on SMEs in India. *Measuring Business Excellence*, 43(3), 42-52.
6. Arief, M. Thoyib, A. and Sudiro, A. (2013). The effect of entrepreneurial orientation on the firm performance through strategic flexibility: A study on SMEs cluster in Malang. *Journal of Management Research*, 5(3), 44-62.
7. Boohene, R. Marfo-Yiadom and Yeboah (2012). An empirical analysis of the effect of entrepreneurial orientation on firm performance of auto artisans in the cape coast metropolis. *Developing Country Studies*, 2(9), 77-86.
8. Campos, M.H. and Valenzuela, A.A.F. (2013). The relationship between entrepreneurship orientation, time orientation, and small business performance: evidence from Mexico. *Revista da micro e pequena empresa, Campo Limpo Paulista*, 7(1), 48-63.
9. Casillas, J. C. and Moreno, A. M. (2010). The relationship between entrepreneurial orientation and growth: The moderating role of family involvement. *Entrepreneurship and Regional Development*, 22(3-4), 265-291.
10. Covin, J. G., Green, K. M., and Slevin, D. P. (2006). Strategic process effects on the entrepreneurial orientation sales growth rate relationship. *Entrepreneurship Theory and Practice*, 30(1), 57-81.
11. Covin, J.G. and Slevin, D.P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10(1), 75-87.
12. Covin, J.G. and Slevin, D.P. (1991). A conceptual model of entrepreneurship as firm behaviour. *Entrepreneurship Theory and Practice*, 16(1), 7-25.
13. Demirbag, M. T., Tatoglu, E., Tekinus, M. and Zaim, S. (2006). An analysis of the relationship between TQM implementation and organizational performance: evidence from Turkish SMEs. *Journal of Manufacturing Technology Management*, 17(6), 829-847.
14. Dess, G.G. and Lumpkin, G.T. (2005). The role of entrepreneurial orientation in stimulating effective corporate entrepreneurship. *Academy of Management Executive*, 19(1), 147-156.
15. Gurbuz, G. and Aykol, S. (2009). Entrepreneurial management, entrepreneurial orientation and Turkish small firm growth. *Management Research News*, 32(4), 321-336.
16. Hughes, M. and Morgan, R.E. (2007). Deconstruction the relationship between entrepreneurial orientation and business performance at the embryonic stage of firm growth. *Industrial Marketing Management*, 36(5), 651-661.
17. Hult, G. T. M., Hurley, F. R., and Knight, G. A. (2004). Innovativeness: its antecedents and impact on business performance. *Industrial Marketing Management*, 33(-), 429-438. Available at: <http://www.sciencedirect.com>
18. Hussain, J., Ismail K. and Akhtar, C. S. (2015). Linking Entrepreneurial Orientation with Organizational Performance of Small and Medium Sized Enterprises: A Conceptual Approach. *Asian Social Science*, 11(7), 1-10.
19. Idowu, A. (2013). Organisational learning, innovativeness and financial performance of small and medium enterprises in Nigeria. *European Journal of Business and Management*, 5(2), 179-186.
20. Jantunen, A., Puumalainen, K., Saarenketo, S., and Kyläheiko, K. (2005). Entrepreneurial orientation, dynamic capabilities and international performance. *Journal of International Entrepreneurship*, 3 (-), 223–243.

21. Jebna, K. A. and Baharudin, A. S. (2015). The impact of entrepreneurial orientation on manufacturing SME performance with the contingent effect of e-commerce in Malaysia: *Advances in Environmental Biology*, 9(5), 24-27.
22. Lumpkin, G. T., and Dess, G. G. (2001). Linking two dimensions of entrepreneurial orientation to firm performance: the moderating role of environment and life cycle. *Journal of Business Venturing*, 16(-), 429-451.
23. Lumpkin, G.T. and Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135-172.
24. Mahmood, R., and Hanafi, N. (2013). Entrepreneurial orientation and business performance of women-owned small and medium enterprises in Malaysia: competitive advantage as a mediator. *International Journal of Business and Social Science*, 4(1), 82-90.
25. Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Sciences*, 29(7), 770-791.
26. National Bureau of Statistics (2012). Annual abstract of statistics ([www.nigerianstat.gov.ng](http://www.nigerianstat.gov.ng)) (Assessed 7/4/2015).
27. NEDEP (2013). National enterprise development programme, Release 1.0 ([www.nepza.gov.ng>downloads>nedep](http://www.nepza.gov.ng/downloads/nedep)) (Assessed 15/01/2015).
28. NEDEP (2013). National Enterprise Development Programme. [www.nepza.gov.ng>downloads>nedep](http://www.nepza.gov.ng/downloads/nedep). Assessed 17/3/2015.
29. Preda, G. (2013). The influence of entrepreneurial orientation and market-based organisational learning on the firm's strategic innovation capability. *Management and Marketing Challenges for the Knowledge Society*, 8(4), 607-622.
30. Rauch, A., Wiklund, J., Lumpkin, G. T. and Freese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice*, 33(3), 761-787. <http://dx.doi.org/10.1111/j.1540-6520.2009.00308.x>
31. Saunders, M., Lewis, P. and Thornhill, A. (2000). *Research methods for business students*, 2<sup>nd</sup> ed., Essex: Pearson Education Limited.
32. Short, J.C., Broberg, J.C., Coglisier, C.C. and Brigham, K.H. (2010). Construct validation using Computer-Aided Text Analysis (CATA): an illustration using entrepreneurial orientation. *Organisational Research Method*, 13(2), 320-347.
33. SMEDAN (2012). Survey report on micro, small and medium enterprises (MSMEs) in Nigeria, preliminary report.
34. UNDP (2013). UNDP-Human Development Report ([www.hdr.undp.org/en/2013-report](http://www.hdr.undp.org/en/2013-report)) (Assessed 17/2/2015).
35. Wang, H. K. and Yen, Y. F. (2012). An empirical exploration of corporate entrepreneurial orientation and performance in Taiwanese SMEs: a perspective of multidimensional construct. *Total Quality Management and Business Excellence*, 23(9), 1035-1044.
36. Yamane, T. (1967). *Statistics: an introductory analysis*, 2<sup>nd</sup> ed., New York: Harper and Row.
37. Zainol, F.A. and Daud, W.D. (2011). Indigenous ("Bumiputera") Malay entrepreneurs in Malaysia: Government supports, entrepreneurial orientation and firms performance. *International Business and Management*, 2(1), 86-99.s