

## Entrepreneurial Orientation and Business Performance amongst Microbusinesses in Nigeria

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**Abstract:** This article aims at examining the relationship between Entrepreneurial Orientation (EO) and performance of the micro businesses within the context of a developing country. The study specifically examined whether EO significantly predicts increase in sales, assets and employees' satisfactions respectively of micro businesses. The approach adopted for the study was exploratory, where by a survey was done on a total of 273 micro businesses from four different sectors; Retail; ICT Manufacturing and Artisans. The data gathered therefrom were analysed using the Pearson's Product Moment Correlation analysis. This study confirms the universal empirical evidence that EO has positive and significant relationships with business performance. The study also suggested that EO amongst micro businesses will lead to increase in sales, increase in assets and as well as increase in employees' satisfaction of micro businesses. Given the research design adopted by the study, and as well as the scope covered by the study, the findings from this study may lack generalization. The implications of the study are that EO is the way out for micro businesses if they wish to perform better. This paper highlighted the importance of a neglected form of business, and also provided new dimensions for the measures of micro business performance.

**Keywords:** Entrepreneurship, Entrepreneurial Orientation, Micro business performance

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### I. Introduction

People have been undertaking activities that involves the movement of resources from areas where there are surplus to areas where there are deficits since time immemorial; Displaying transformational capacities that embrace change; steering organizations through crisis and chaos, and as well as guiding, integrating and initiating force that signifies business and financial leadership and control of business (Egwu, et al 2011). The world over, entrepreneurship generally considered as the antidote that every economy needs to move to the next level (Alvarez and Barney, 2014). This is evinced by the various programs and policies that are being carried on by different governments, firms and individuals, and has been necessitated by the continued rise in crime rate, which has been connected with the high rate of unemployment among the teeming youths the world over. In Nigeria especially, there have been different empowerment programs for the youths, and recently entrepreneurship studies is being included into school curricula; all in a bid to move from overdependence on oil to other sectors by encouraging self-dependence that will enhance individual and firm growth and as well as the economy at large.

Entrepreneur and entrepreneurship are abstruse concepts with manifolds of meanings. Wennekers and Roy, (1999), averred that at present, there are at least 13 diverse roles that describe an entrepreneur as presented in economic literature. These functions fall under three strata. The neo-classical approach portrays the entrepreneur's role as an arbitrageur, driving markets to equilibrium with their activities. The Schumpeterian entrepreneur tend to create something new by destroying the status quo by unlocking predetermined paths of development Nicholas (as cited in Jones and Wadhvani 2006); and the Drukerian entrepreneur who is portrayed as a person who looks for modifications, respond to them and then exploits them as opportunities (Hui, 2009). Entrepreneurship therefore appears to be crucial, and is related to the growth of the economy through different mechanisms Braunerhjelm (as cited in Hui, 2009). Wennekers and Roy, (1999) suggests that at the micro-level, i.e. either the entrepreneur or the individual firm, where the entrepreneur pursues self-actualization and the firm pursues performance. At the macro- level, entrepreneurship is a reflection of competition and growth in the economy. Results at the business level would directly affect the results of both the individual and nation's levels. Developments of businesses will not only affect the entrepreneur's personal wealth, but will also translate into growth in the national economy (Wennekers and Roy, 1999; Hui, 2009).

Entrepreneurship is defined by Udu and Udu (2015) as the process of creating something new with value by devoting the necessary time and efforts, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence. This process when it is being pursued at the firm level is referred to as Entrepreneurial Orientation (EO). In essence, EO is generally defined as the entrepreneurial proclivity of a firm to pursue the entrepreneurship process (Jain and Ali, 2013). It refers to a firm's strategic orientation, capturing specific entrepreneurial aspects of decision-making styles, methods and practices (Wilkund and Shepherd 2005). Moss, Neubaum and Meyskens (2015) averred that EO reflects the mindset and methods organizations use to search and pursue opportunities for growth. The EO construct consist of; innovativeness, risk taking propensity, pro-activeness, competitive aggressiveness and autonomy (Lumpkin and Dess, 1996). There is however lack of convergence between earlier studies (Lumpkin and Dess, 1996, Ranch et al 2004) and recent studies (Wilkund and Shepherd 2005; Owoseni and Adeyeye, 2011; Jain and Ali 2013; Gathungu, et al. 2014) concerning the various dimensions of EO. While the earlier studies adopted the entire five dimensions of EO, recent studies have tended to adopt only the three of these dimensions (Innovation, Risk Taking propensity and Pro-activeness). This is mainly due to the fact that most of these earlier researchers adduced that the last two dimensions (competitive aggressiveness and autonomy) are largely embedded in the former dimensions. For instance, it almost impossible to completely detach the features of competitive aggressiveness from those of pro-activeness and risk-taking, likewise autonomy, the firm generally reflects the behaviours of the entrepreneur; therefore autonomy could hardly be studied as in the firm since the firm could hardly be detached from the disposition of the individual. These elements may vary depending on environmental and organizational context (Jain and Ali, 2013).

An empirical issue however, may be the method used in measuring EO; either as a one-dimensional or multidimensional construct (Gathungu, et al. 2014). As a one-dimensional construct, the unique effects of the EO constructs in relation to firms' performance are usually not considered (Davis, 2007). Furthermore, the one-dimensional view does not take into cognizance opposing effects of control variables on the relationship existing between each of the individual EO dimensions and a firm's performance. However, depending on the category of the firm, a one-dimensional construct of EO may be suitable, for instance, in micro businesses the effects of these various constructs; innovativeness, pro-activeness and risk taking are often intertwined (Gathungu, et al. 2014).

A significant body of literature on the topic of EO have however emerged in recent times to explain the antecedents for intensions of new ventures or new value creation and as well as other firm level outcomes (Frank, Kessler and Fink, 2010; Owoseni and Adeyeye, 2011; Jain and Ali 2013; Moss, Neubaum and Meyskens 2015). This interest has emanated as a result of the much debate that has been raised by scholars against the continued emphasis on dispositional characteristics solely as useful predictors of organizationally relevant outcomes (House, Shane and Herold, 1996; De Noble, Jung and Ehrlich, 1999) rather than on entrepreneurial level behaviours (Shane and Venkataraman, 2000; Wiklund and Shepherd, 2005; Poon, Ainuddin and Junit, 2006). In other words, while studies on entrepreneurial disposition focuses on the entrepreneur, EO focuses on the firm; the various strategies in which the firm engage in their pursuit for superior performance. Entrepreneurial level behaviours as noted by Poon et al., (2006) give a more complete understanding of the entrepreneurship process. Earlier studies (Wiklund and Shepherd, 2003; Zahra and Covin, 2005; Wiklund and Shepherd, 2005), have found EO to have positive relationship with business performance, revealing that firms with an EO are most likely to have growth in firms (sales, assets and employment growth); increase in cash flow (profitability); and increase market share; etc., than those that do not have. This notion that businesses that adopt EO always perform better is however contentious (Frank, et. al. 2010; Jain and Ali 2013), because EO may have negative effects on performance in certain configurations (environment and access to finance). To date, majority of the studies on EO have come from the Western, European and Asians world (e.g. UK, USA, Sweden, Australia, India, etc.), with a few from Africa (e.g. Owoseni and Adeyeye, 2011). As such, compared to the body of studies on EO outside our shores, our knowledge on the EO performance relationship in Nigeria is limited. The few studies that have examined EO performance relationship in Nigeria have focused on big enterprises. Consequently, not much is known of EO Performance relationship in the micro-businesses. Micro businesses as defined by the Central Bank of Nigeria, CBN (2013), is any business that employs less than ten people and is started with a small amount of capital of not more than N5 million, including working capital but excluding cost of land. They specialize in providing goods or services like IT and IT Enabled Services, entertainment and recreation services, transportation services, beauty and barbing services, retailing and freelancing for their local areas. They are majorly one-person enterprises that operate out of their homes; and have part-time help from a family member or friends. Micro businesses in Nigeria are prolific, especially in less commercial cities like Abakaliki that have been described as civil service states. Most of the populace engage in one form of micro enterprises mainly because they are quite easy to set up and require in some cases little or no restrictions; expertise, human capital or funding (National Policy on MSMEs, 2010). Micro businesses in Abakaliki have been somewhat neglected by many researchers, mainly due to the misconceptions that they have

about what makes up a micro, a small, a medium or even a large business. Also mainly because such businesses are run majorly on the discretions of their owners and lack formal procedures that businesses in the other categories have. Although the importance of micro businesses have often been ignored, micro businesses have been universally recognized as veritable for improvement, efficiency and competitiveness within the economies of countries that are still developing (National Policy on MSMEs, 2010: 12). More so, aside from the fact that they serve as sources for employment and income generation for the bulk of the population, they also serve as basic sources of job creation, they could also be breeding and as well as nurturing grounds for local entrepreneurial abilities, practical skills, hi-tech innovativeness and as well as the managerial competencies that are needed for the development of the private sector (National Policy on MSMEs, 2010: 12). Another issue that may have created the neglect for micro businesses is the fact that they hardly have adequate financial records, especially since they are not compelled by any laws to show such record. Therefore researchers may find it hard to investigate their outcomes since everything would be based on the memories of their owners.

In Abakaliki metropolis, the various types of micro businesses come under: micro cottage food processing enterprises that provides the basic food needs of local communities in both towns and villages; Arts and Crafts for small rural houses; Textile and Fashion; Wood works and furniture processing; hide and skin products; Basic iron and steel fabrication and engineering businesses; Solid mineral exploration businesses; Electronic and IT enterprises; Building Construction businesses and Oil and gas-related goods and services (Small and Medium Enterprise Development Agency of Nigeria, 2010). Micro businesses like every other form of businesses seeks growth in terms of returns on their investment and profitability, that could make them transcend into other forms of businesses. But a major challenge is often the method with which to measure their performance. Given the nature of their operations, such that they are not compelled by law to keep records or that they do not have standard practices as regards management, performance measures for other firms may not obtain in micro businesses. Therefore subjective measures have been suggested by researchers (Santos and Britos, 2012), to include Increase in sales, increase in assets and employees' satisfaction amongst others. Till date, there is no known research within this clime that has combined these variables and this portends a huge gap as little or nothing can be said about EO or any other business phenomena and the performance of micro businesses within the metropolis. These, coupled with the facts that there is an EO-performance literature dearth within our clime have been observed as important gaps in the literature which this study aims to address. Specifically, we ask the following questions: Is there a relationship between EO and increase in sales, increase in the increase in the assets and employees' satisfaction respectively, of Micro businesses in Abakaliki Metropolis? To answer these questions, we assess first the independent effect of these variables using a sample of 394 micro Abakaliki firms. In addressing the above questions, we make the following contributions. We built on the findings by Wiklund and Shepherd (2005) and Frank, Kessler and Fink (2010), but did not incorporate resources and the environment into a configuration of how EO affects micro business performance. We confirmed the research on the value of entrepreneurial-type strategies. EO was used as a single construct to measure the micro business performance. We operationalize micro business performance as an index of three performance measures; increase in sales, increase in assets and employees' satisfaction. Finally, most studies of EO and performance use cross-sectional designs. To empirically test whether an EO actually leads to better performance, longitudinal data are necessary where EO is measured at one point in time and performance outcomes are measured later (Wiklund and Shepherd 2005).

The study introduces the literature on EO and then hypothesizes a universal effect model to explain EO's relationship with micro business performance. Secondly, we build a theoretical framework to explain the effect of EO on performance. Third, we describe the research method i.e. sampling, measures, and analysis. We then test our hypotheses. Finally, we detail and discuss the results including implications for scholars and practitioners.

## **II. Literature Review**

### **2.1 EO and Performance**

EO is a firm-level behavioral process of entrepreneurship that consists of three dimensions; innovativeness, risk-taking, and pro-activeness. Covin and Wales (2012); point out that; the origin of EO is traceable to the work of Mitzberg (1973), where it is conceived that entrepreneurial strategy-making mode is a managerial disposition characterized by the active search for new opportunities in uncertain environments through which dramatic growth might be realized. Wiklund and Shepherd, (2005:) summarizes the descriptions of (Covin and Slevin, 1989, 1990, 1991,.; Knight, 1997, Miller, 1983; Namen and Slevin, 1993; Wiklund, 1999; Zahra and Covin, 1995; Zahra, 1993): "EO involves a willingness to innovate to rejuvenate market offerings, take risks to try out new and uncertain products, services, and markets, and be more proactive than competitors toward new marketplace opportunities" (p. 75). The import of this is that all these studies mentioned above have found out that it is empirically possible to construct a single construct that comprise of these three dimensions (Wiklund and Shepherd, 2005). This tends to refute arguments that the each of the EO dimensions

vary independently of the other (Lumpkin and Dess, 1996). They are as a matter of fact interwoven with each other; particularly, in micro businesses where activities of the firms reflects majorly the dispositions of the owners and it is quite glaring that each single action of the owner would trigger off other activities for the firm. A firm for instance may come up with a set of new products, process or even discover a new market that will give them market leadership, the fact that their competitors did not come up with these products, process or discovery makes them proactive, but this involves risk to them because the outcomes of coming up with new products, processes or discovering new markets cannot known post- ante (Alvarez, 2005). Also given the fact that Gathungu, et al (2015) supports using EO as a single construct, we adopt EO as a single construct variable that Consists of three dimensions; innovativeness, risk-taking, and pro-activeness. These key dimensions are discussed briefly below.

Innovativeness involves the process of products, services and work processes renewal (Schumpeter in Hessels, 2007). It generally reflects a firm's predisposition to be involved in activities supports adoption of new ideas that stems out of research, originality and creative processes. This enables them to depart from established practices and technologies (Lumpkin and Dess, 1996). Innovation can serve many purpose for a firm, for instance innovation can help a firm to meet the various needs of its customers, improve on its competitiveness and as well as achieve better financial results. Wiklund and Shepherd, (2005) suggests that "a high rate of technological and/or product market innovation, as implied by the innovativeness dimension, can be used by the firm to pursue new opportunities" (p.75). Pro-activeness involves a firm taking initiatives that will help shape the environment to their own advantage. It is the firm's response to marketplace opportunities (Blesa and Ripolles, 2003). It generally reflects a firm's posture of anticipating and acting on future wants and needs in the marketplace, thereby creating a first-mover advantage vis-à-vis competitors (Lumpkin and Dess, 1996). Blesa and Ripolles, (2003) "A strong proactive behaviour gives the firm the ability to anticipate needs in the marketplace and also the capability to anticipate competitors' actions." (p. 3) Proactive firms are well prepared and they do not waste time in capitalizing on emerging business opportunities, and thus have first-mover advantage (Jain and Ali 2013). Risk taking propensity involves a firm's readiness to commit its resources into areas where the cost of failure may be high and the outcomes may not be known. (Wiklund and Shepherd 2005; Alvarez, 2005) The risk-taking dimension represents the aspect of a firm's strategic posture that refers to the firm's willingness and ability to devote increased resources to projects whose outcome is difficult to predict. (Hermann et al, 2010).

There tend to be some form of convergence of ideas amongst earlier researchers that the various EO dimensions have a universal positive influence on performance. For instance, a firm that is innovating, creating and introducing new products and technologies, can generate extraordinary economic performance and have even been seen as the engines of economic growth (Schumpeter, 1934; Brown and Eisenhardt, 1998) as cited in Wiklund and Shepherd, (2005). These may translate into increase in the firm's sales level, increases in the firm's assets or increase in the return on investments for the firm. A pro-active firm can create first-mover advantage, target premium market segments, charge high prices and skim the market ahead of competitors (Zahra and Covin, 1995; Rauch, Wiklund, Lumpkin and Frese 2004). They can control the market by dominating distribution channels and establishing brand recognition (Wiklund and Shepherd, 2005). These also may translate to the same benefits that are enjoyed by an innovative firm as mentioned above. A firm that score high on the propensity to take risk may not reap these benefits due to some projects that may fail, but in the long run, they may enjoy higher sales, greater share of the market and increase in their investments. Invariably, firms that score high on innovativeness, pro-activeness and also have a high propensity for risk taking is bound to have increase in the sales of its products and services than firms that do not. (Bchini, 2015; Jain and Ali, 2013; Owoseni and Adeyeye, 2011; Azlin, et al 2014) thus we hypothesize that:

### **III. Research Hypotheses**

**H1:** There is a significant positive relationship between EO and increase in sales of Micro businesses in Abakaliki Metropolis.

**H2:** There is a significant positive relationship between EO and increase in assets of Micro businesses in Abakaliki metropolis.

**H3:** There is a significant positive relationship between EO and employees' satisfaction of Micro businesses in Abakaliki metropolis.

### **IV. Data Analysis/ Findings**

#### **Research method and Sample**

There are a total number of 27,061 micro businesses within Abakaliki metropolis according to the National Bureau of Statistics and SMEDAN's (2010) data base, and this made up the population of this study. From this population, a random sample was carried on independent firms from four sectors- Retail (retail stalls, supermarkets, etc.); ICT (Cyber Cafes and Business Centers); manufacturing and Artisans (Welders, Barbers,

Carpenters, etc.). 394 micro businesses were randomly sampled. However, since seventeen communities make up Abakaliki metropolis, the sampling distribution of the firms to each community was based on an average distribution. This is so because the total number of businesses per community is unknown and as such, the total number of micro businesses (394) was averaged by the total number of communities. However, after distributing 23 questionnaires to each of the communities, three (3) questionnaires were still left; therefore the researcher administered the remaining questionnaires arbitrarily to firms in communities that are close by, and that are assumed to have more firms than other communities. Therefore three (3) communities got 3 questionnaires extra. A structured questionnaire was distributed to the firms. 82 were not returned, while 39 out of the total number returned were wrongly filled. Therefore a total of 274 firms were analyzed in this study.

## **4.2 Variables and Measures:**

### **4.2.1. Micro business performance**

Previous studies like (Wilkund and Shepherd, 2005; Frank, et. al. 2010) have combined financial performance and growth as proxy for business performance; a step ahead of studies like (Brush and VenderWerf, 1992; Chandler and Hanks, 1993) that used only growth as a proxy for business performance. In measuring financial performance of respondents, they asked to estimate their profits and cash flow, while the indices used for measuring growth were sales and employee growth. However, since we are dealing with micro businesses that often do not keep adequate financial records, we use three growth measures for the performance of micro businesses; increase in sales, increase in assets and employees satisfaction. Increase in sales of micro businesses entails the total change in the number of products of the firm when it innovates, or is pro-active on when it engages in risker ventures. It measures the growth in the rate at which a firm sells its goods and restocks its inventory. Usually it is measured objectively with indicators such as sales margin, profitability, ROI, etc. however, since micro businesses in this area are such that they do not have financial records, subjective measures are therefore developed. These measures measure the perceived growth sales of the firms. Major indicators of sales growth include; the rate of restock of inventory, the referral rate of customers by other customers, increase in revenue i.e. profit and increase in the rate of the trade debtors of the firm (the Cronbach's  $\alpha$  for this scale is 0.92). Increase in assets is related to the growth in the fixed and current assets of a firm. A firm is perceived to experience growth when there is a growth in the number of assets that it has (Santos and Britos, 2012). The major indicators include; growth in the number of machines and equipment including tangible and intangible assets; increase in inventory and stock, growth in employees and the cash flow, i.e. raw cash and cash at bank. Former studies (Santos and Britos 2012) reveal that asset growth has a reliability of  $\alpha = 0.80$ . This measure was adopted for this study because it is one of the ways micro businesses assess whether they are growing. Financial aspects like profitability, market share growth, etc. does not suit for this study because these businesses lack proper accounting records (the Cronbach's  $\alpha$  for this scale is 0.93).

Employees' satisfaction reflects the entire gamut of investments in the human assets within the organization. Employees of an organization will among every other thing; value a clearly defined job description, investments in their training, and as well as career plans that are in their favour, plus an effective bonus policies (Harter, Schmidt, and Hayes, 2002 as stated in Santos and Britos, 2012). Employees' satisfaction is believed to comprise a firm's ability to draw and keep employees and lower turnover rates. Major indicators of employees' satisfaction as enumerated by Santos and Britos (2012) are; turn-over, Development and training of employees within the organization, Income and compensation policies, Career plans, Organizational climate, General employees' satisfaction. The reliability of these items amounted to  $\alpha = 0.86$ ; however the Cronbach's  $\alpha$  for this scale is 0.91. This measure of performance was chosen mostly because of the unit of analysis i.e. micro businesses. They hardly have financial records, therefore their performance can only be measured subjectively (Frank et al 2010).

### **4.2.2 Entrepreneurial Orientation**

Wilkund and Shepherd's original scale for EO consisting of eight items was adopted and modified to suit this study. A five-point Likert scale of Strongly Disagree (1), Disagree (2), Neither Agree nor Disagree (3), Agree (4) and Strongly Agree (5) was used to gather responses. In order to avoid response set contamination, questions were arranged so that the each construct is measured against the performance constructs. In the present study, the scale reports acceptable reliability (Cronbach's  $\alpha$  value of 0.893).

### **4.2.3 Control Variables**

Wilkund and Shepherd (2005) averred that the different sizes and ages of businesses usually have different organizational and environmental effects that tend influence their performance. This also applies to firms in different industries. To this effect, variables like age of the business, the size of the business, and as well as the line of the business were carried as control variables for this study. To determine the size of the businesses, respondents were asked about the number of their employees, respondents were also asked to

indicate the age of their business, and to indicate whether their line of businesses were within the four industries selected for the study.

#### **4.3.1 Analysis**

This study adopted an exploratory correlational research design approach. This approach is considered suitable because according to Creswell, (2008), such kind of design is conducted when researchers want to explore “the extents to which two or more variables co-vary, that is, where changes in one variable are reflected in changes in the other.” In conducting an exploratory correlational study, data are collected at one time as their focus is not based on future or past performance of participants. Thus, participants are often analyzed as a single group rather than as subcategories during analysis of the findings of exploratory correlation research. Creswell, (2008), “finally, in this type of study researchers collect two scores from each participant as each score represents each variable being studied.” This survey involved determining the correlation between EO and micro business performance: (EO and increase in sales; EO and increase in assets; EO and employees’ satisfaction) as they relate to the population of this study. Data gathered for this study will be analyzed using the Pearson’s Product Moment correlation analysis, in order to determine the relationship between EO and performance and as well as the extent of the relationship between EO and performance. This was calculated using the Statistical Package for Social Sciences (SPSS) version 20.0.

#### **4.3.2 Results**

Table 1. below show the means, S.D.s, and correlations of the variables. Generally, there exist moderate ( $r = 0.506$ ) to low levels ( $r = 0.318$ ), of correlations among the independent variable and the dependent variables of this study. Initial analysis on the data gathered revealed that there were no violations in the all assumptions of normality, test for linearity, and as well as test for homoscedasticity. As a matter of fact, items adopted for EO were eight (8), and all loaded as a single construct during the Principal Component Analysis (PCA) test for factor loadings. It also had a 0.838 for the Kaiser-Meyer-Olkin (KMO) test for sampling adequacy, with a chi-square value of 2245.743;  $d.f=15$  and  $p=0.000$ ; all of which implies that the sample size used to derive the factorial loadings was adequate and the expected scale for measuring EO was met. Similar tests were also conducted on the dependents variables, a total of 4 items adopted for increase in sales, loaded as a single construct, during the PCA test for factor loadings. The KMO of 0.783 showed during the test for sampling adequacy, with a chi-square value of 3425.374;  $d.f=19$  and  $p=0.000$ . Also, a total of 4 items adopted for increase in assets, loaded as a single construct, during the PCA test for factor loadings. The KMO of 0.779 showed during the test for sampling adequacy, with a chi-square value of 4585.812;  $d.f=19$  and  $p=0.000$ . Finally, 4 items adopted for employees’ satisfaction also loaded as a single construct, during the PCA test for factor loadings. The KMO of 0.885 showed during the test for sampling adequacy, with a chi-square value of 4625.374;  $d.f=19$  and  $p=0.000$ . The implications of these results are that the sample size used to derive the factorial loadings was adequate and the expected scale for measuring micro business performance was met.

Using the data gathered on EO and as well as on Increase in sales, a Pearson Product-Moment correlation was conducted using the SPSS 20 to evaluate the null hypothesis that there is no positive significant relationship between EO and increase in sales of Micro businesses in Abakaliki Metropolis ( $N=273$ ). The analysis showed significant evidence to reject the null hypothesis, it was therefore concluded that there was a strong, positive and significant relationship between EO ( $M = 26.17$ ,  $SD = 8.157$ ) and Increase in Sales ( $M = 13.78$ ,  $SD = 4.792$ ),  $r(273) = 0.506$ ,  $p < 0.01$ . This means that higher levels of EO are associated with higher levels of increase in sales. With a coefficient of determination  $r^2 = 0.256$ , that is EO helps explain 25.60% variance of the increase in sales of the micro businesses in Abakaliki metropolis. Also, a similar approach was adopted in the analysis of the second hypothesis, Initial analysis on the data revealed that there were no violations in the all assumptions of normality, test for linearity, and as well as test for homoscedasticity. The analysis also showed significant evidence to reject the null hypothesis, it was therefore concluded that there is a moderate, positive and significant relationship between EO ( $M = 26.17$ ,  $SD = 8.157$ ) and Increase in Sales ( $M = 13.54$ ,  $SD = 4.557$ ),  $r(273) = 0.486$ ,  $p < 0.01$ ; implying that higher levels of EO will account for a moderate level of increase in assets of the micro businesses in Abakaliki metropolis. With a coefficient of determination  $r^2 = 0.2361$ , that is EO helps explain 23.61% variance of the increase in assets of the micro businesses in Abakaliki metropolis. Finally, using the data gathered on EO against the data gathered on employees’ satisfaction to evaluate the null hypothesis that there is no relationship between EO and increase in assets of Micro businesses in Abakaliki Metropolis. Initial analysis on the data revealed that there were no violations in the all assumptions of normality, test for linearity, and as well as test for homoscedasticity. The analysis showed significant evidence to reject the null hypothesis, it was therefore conclude that there is a weak, positive but significant relationship between EO ( $M = 26.17$ ,  $SD = 8.157$ ) and employees’ satisfaction ( $M = 13.77$ ,  $SD = 4.756$ ),  $r(273) = 0.318$ ,  $p < 0.01$ . Higher levels of EO are associated with weak levels of increase in employees’ satisfaction. With a coefficient of determination  $r^2 = 0.1011$ , that is EO helps explain 10.11% variance of the increase in employees’ satisfaction of the micro businesses in Abakaliki metropolis.

**Table 1;** Means, S.D.s, and correlations for quantitative variables

	Mean	SD	1	2	3	4	5	6	7	8
Business Line	2.44	1.107	1							
Business Origin	1.98	0.901	.082	1						
Business Age	2.00	0.949	.086	.030	1					
Size	1.95	0.830	.421**	.023	.080	1				
EO	26.17	8.157	-.056	.060	.074	-.037	1			
Increase in Sales	13.78	4.792	-.112	.025	.058	-.055	.506**	1		
Increase in Assets	13.54	4.557	-.078	.027	.062	-.020	.446**	.876**	1	
Employees Satisfaction	13.77	4.756	-.094	.047	.121*	.020	.318**	.661**	.771**	1

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

**V. Discussions and Conclusion**

The results from the analyses of this study reveal that generally, an Entrepreneurial Orientation ( i.e., a firm’s ability to be innovative, to be creative and as well as to be engaged in risky ventures) by a firm is positively influence the performance (increase in sales, increase in assets and employees’ satisfaction) of micro businesses within Abakaliki metropolis. The import of this is that firms that score high on these EO dimensions tend to have higher sales, increase in their assets and as well more satisfied employees. There are also positive significant relationships between the various measures of performance, revealing that firms that enjoy increased sales are bound to also increase in their assets and as well as satisfied employees.

We found that results of our studies are in good agreement with the results of the earlier studies. For instance Wiklund and Shepherd, (2005), that “an EO (i.e., pro-activeness, innovativeness, and risk taking) positively influences small business performance”. Owoseni and Adeyeye’s (2011) article did not deviate much from our findings that the performance of a firm will be easily predicted by risk taking, innovativeness and pro-activeness, either jointly or independently, Also Haaland White, (2013) found a similar result that there is a direct and substantial relationship between corporate entrepreneurship and employee retention; that a moderating effect from the IT constructs and that high IT entities had the greatest collaboration with an entrepreneurial culture, they also reported 10% higher rate of employees’ retention than similar entrepreneurial firms with low IT entities. Furthermore, Jain and Ali, (2013) concluded that amongst all three predictors of a firm’s performance (Entrepreneurial marketing orientation, Entrepreneurial self-efficacy and Entrepreneurial orientation), there are moderate or low degree of positive correlation with one another. Analysis indicated that there is a significant impact of EO on a venture’s performance. Ambad and Wahab’s (2013) study also conforms with the findings our study that innovativeness and risk taking affects the firm performance positively. The findings are also consistent with the findings of Azlin, et al, (2014) that EO has influence towards business performance; innovativeness, pro-activeness, risk-taking and competitive aggressiveness while no correlation were found on autonomy in the context of technology-based SMEs in Malaysia. Freiling and Schelhowe’s (2014) study and as well as Behini’s (2015) study also made similar finding as the results of our study. To this effect, we stated that firms could become high performers if they have a high EO. Schumpeter’s Creativity theory of 1934 suggests entrepreneurship is the process of creating disequilibrium in the market by successfully destroying existing product through creating new ones for a long-run economic development of the capitalist system (Alvarez, 2005). This theory draws heavily from central features of entrepreneurial phenomena; the nature of entrepreneurial opportunities, the nature of the entrepreneur as individuals and the nature of the decision making context within which entrepreneurs operate. EO serves as a means for firms to create and or discover fresh opportunities by being pro-active, or introduce new products or process by being innovative or by delving into new areas whose outcomes are not known by being risk inclined. These activities can distinguish them from other firms and create a competitive advantage and as well as superior performance. Micro businesses are veritable tools for creating employments and as well as stimulating the economy of developing economies, although they are easily neglected maybe due to their size or maybe due to misconception. This study set out to determine the relationship between EO and the performance of these micro businesses within Abakaliki metropolis. In line with earlier studies in this line of research, we found out that there is an over positive and significant relationship between EO and business performance.

**VI. Limitations**

The key limitations of this study are that the study is cross sectional. As a feature of cross sectional researches, common response biases may have occurred as the researcher relied heavily on the owners-managers memories and perceptions. Items in the research instrument may have suited more for some industry than others.

There is the possibility that the surveyed owners may exhibit different responses overtime, therefore a longitudinal study needs to be undertaken in order to fully grasp the EO performance relationship.

Given that a study of this nature usually requires significant financial resources, this study was limited in scope, i.e. micro businesses in Abakaliki metropolis. Generalizations should therefore be made cautiously as findings reflect only what may obtain in the micro businesses and not all the categories of businesses in Ebonyi State. Studies on these other categories of businesses therefore need to be conducted so as to determine fully the EO performance relationship.

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