

Effect of Entrepreneurial Orientation on Organizational Survival of SMES in Ondo State

ADELUGBA Iyabode Abisola

Department of Management Sciences, College of Science,
Bamidele Olumilua University of Education, Science and Technology,
Ikere-Ekiti, Ekiti State, Nigeria.
adelugba.iyabode@bouesti.edu.ng

AGBOOLA Oluyemisi

Entrepreneurship Department, Ekiti State University, Ado-Ekiti, Ekiti State, Nigeria.
oluyemisi.agboola@eksu.edu.ng

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ABSTRACT

The study looked into how entrepreneurial orientation affected SMEs' organisational survival in Ondo State. The study focused on the impact of taking risks on the organisational survival of SMEs, investigated the impact of being proactive on that survival, and identified the impact of creative marketing on that survival in Ondo State. The required data for the study were collected using the descriptive research approach. A well-structured questionnaire was used to collect primary data and yield constructs on organisational survival strategies, risk-taking, proactivity, and inventive marketing. Fifty participants from the study's chosen SMEs in Ondo State completed the structured questionnaire. Regression statistics were used to assess the collected data. Regression analysis revealed that taking risks, being proactive, and innovative marketing all significantly impacted the organisational survival of SMEs ($t = 4.373, p = 0.000$ 0.05 ; $t = 5.484, p = 0.000$ 0.05 ; and $t = 3.566, p = 0.00$ 0.05 , respectively). According to the study's findings, the organisational longevity of SMEs in Ondo State is significantly impacted by entrepreneurial orientation. According to the survey, SMEs shouldn't be afraid to take gradual, controlled risks that might boost their sales income in the long term.

KEYWORD: *Entrepreneurial orientation, Organizational survival, Risk taking, Proactiveness, Innovative marketing*

INTRODUCTION

According to Ilori (2015), Nigeria's Gross Domestic Product (GDP) is heavily impacted by small and medium-sized businesses (SMEs). According to Ado & Mallo (2015) and Ikharehon (2014), the small-scale industries sub-sector employs more than 70% of industrial employees in Nigeria. However, due to their subpar performance, which was characterised by low market share, sluggish sales growth, and bad profitability, several SMEs have become less competitive, ultimately leading to market failure. These common problems set the stage for the high rate of non-break-even closure of some SMEs, particularly in emerging countries. It is noted that these elements have varying degrees of impact on small and medium-sized businesses in developed and developing nations due to operational context and environments. These allegedly subpar levels of performance have led to SMEs' worldwide inefficiencies, which may be attributed to the SMEs' dearth of survival strategies (Olubiyi, Egwakhe, Amos, & Ajayi, 2019).

Any company enterprise must have successful business strategy to survive (Ruetschlin, 2014). The industry's best business practises must be adopted if a company is to survive (Min & Min, 2013). The inability of managers to adhere to their successful company survival strategies is the root cause of the poor profit margins that force SMES to liquidate or wind up following the death of the principal owner (Min & Min, 2013). Businesses owned by SMEs may be successful if their management use sound business practises, which may enable the company to continue operating even after the death of the original owner.

Empirically, studies like Ifekwem and Adedamola (2016), Akaeze and Akaeze (2017), Omodafe and Nwaizugbo (2017), Jegede (2018), Okafor, Onifade and Ogbechi (2018) in Nigeria; Gamage, Ekanayake, Abeyrathne, Prasanna, Jayasundara and Rajapakshe (2020) in cross countries, Diabate, Sibiri, Wang and Liying (2019) in Côte d'Ivoire to mention but a few have successfully investigated the relationship between survival strategies and sustainable growth of SMEs business, as well as conceptual analysis of Small and mediums scale enterprises, entrepreneurs' abilities (EAs) and SME sustainability growth, social media marketing on small scale business performance, survival strategies and growth of SMEs in Nigeria and other parts of the world. Why SMEs continued to fail in spite of many techniques they used to stay in business continues to be a mystery in the literature. However, none of the research described above have offered comprehensive details on the survival tactics and ongoing existence of SMEs; instead, the majority of the studies have focused on theoretical and conceptual reviews with scant empirical and statistical support. Investigating the impact of entrepreneurial orientation on the organisational survival of SMEs in Ondo State is crucial.

The paper examines the important concerns, such as how risk taking affects SMEs' organisational survival in Ondo state. How much does proactiveness impact SMEs' ability to survive as an organisation in Ondo state? Additionally, how might creative marketing affect the long-term viability of SMEs in the state of Ondo? The study's focus was on small and medium-sized firms (SMEs) in Akure, Ondo State, that are registered with the ministry of commerce and trade and have been operating for at least five years.

LITERATURE REVIEW

According to Aremu and Adeyemi (2011), strategy is the collection of long-term decisions that small and medium business executives make on their company's goals, services, policies, and action plans. Government and environmental wide commercial objectives must be met for initiatives to be successful. For instance, a government initiative to support small businesses nationwide must include objectives and services that take into account the education and experience of potential business owners, the potential market for different items, and infrastructural deficiencies. The likelihood of a strategy's success increases with how well it fits the environment and the goals of the government (Aremu, Aremu, & Olodo, 2015).

When SMEs can overcome the obstacles that lie in their path in both the internal and external business environment, they are said to be sustainable. Numerous studies have made it more well known that SMEs have plans they are considering. There are three fundamental strategies: Market Matrix, Miles and Snow's adaption strategy, and Porter's Generic Competitive Strategy (Ansoff's Product). In order to analyse the tactics used by the research on SMEs in Nigeria, this study focuses on Porter's Generic Competitive Strategy. Porter created the Porter's Generic Competitive Strategy (PGCS) in 1979. Its framework provides SMEs with three key strategic alternatives for competitive advantage and competitive cope: cost leadership, differentiation, and focus. The thesis emphasises that SMEs must choose one of four general methods in order to succeed. Otherwise, they can experience the "stuck in the middle" phenomena. Tanwar (2013) emphasised that SMEs are continuing to use Porter's general focus strategy. Focus strategy involves focusing on a certain market sector or segments. Due to the difficulty in obtaining resources, SMEs in the study frequently used this method. These SMEs encounter a number of challenges, as previously discussed, which prompted them to adopt the focus approach. The work of Selten (1978) can be strongly tied to the focus generic method. Selten's research, which has been expanded upon by literature on a variety of small company endeavours (Leithner & Guldenberg, 2010), emphasises the niching strategy, which involves filling market gaps with goods that are unique from (yet a replacement for) those of the "bigger" competition. This sort of approach is used by many of the SMEs under evaluation since it boosts their revenue/profit.

The success of organisations depends on their entrepreneurial attitude. According to Kropp, Lindsay, and Shoham (2006), entrepreneurial orientation is viewed as a process and decision-making activity employed by entrepreneurs that results in fresh entrance and support for company endeavours. Innovativeness, risk-taking, and proactiveness have been regarded as the three components of entrepreneurial orientation. These three aspects of entrepreneurship, according to Miller and Friesen (1984), make up a fundamental one-dimensional strategic orientation. To be innovative, one must seek out original or unconventional solutions to issues and demands. Product development, the creation of new markets, and cutting-edge systems and technology for processing processes are all included in this category. The willingness of the management to commit significant quantities of resources and opportunities in spite of the unknown is referred to as the risk-taking component. Prior EO of companies requires being proactive in looking for new business prospects, taking risks, and being inventive (Kropp et al., 2006).

The competency theory developed by Bain (1968), Porter (1980, 1985), and Barney (1991) as well as the resources-based view (RBV) that a firm must effectively manage its resources in order to be efficient and effective in a given environment serve as the study's main pillars (Kraaijenbrink, Spender, and Groen, 2010). In their article published in 2019, Diabate, Sibiri, Wang, and Liying offer insight into the entrepreneurial abilities (EAs) that impact SMESG in Côte d'Ivoire as well as an evaluation of the degree to which entrepreneurial orientation (EO) affects the link between the EA-SMESG. The findings of hypothesis testing were examined using data from 320 Ivorian SMEs, and regression analysis was used to confirm a correlation between SMESG and each EA dimension (creativity, risk control, relationship, and opportunity recognition ability), with the exception of learning capacity. Regarding the moderating effect of EO, proactiveness positively modifies the relationship between almost all EA dimensions and SMESG; innovativeness in entrepreneurship significantly modifies the relationship between EA and SMESG; and risk tendency modifies the relationship between EA and SMESG for creativity and risk-control ability. In a few states in Nigeria's North Central, Adamu (2020) looked into how entrepreneurial orientation affected the performance of small and medium-sized businesses. The study's findings indicate that whereas creative strategy has a positive and substantial impact on the performance of small and medium-sized businesses in North Central, Nigeria, competitive strategy has a negative and minor impact.

Etim, Adabu, and Ogar (2017) look at the small- and medium-sized business survival methods in Africa with a focus on Nigeria. The outcome shows that the entrepreneurial orientation variables—innovation, taking calculated risks, and proactiveness—have a strong beneficial impact on SME survival. Wegwu and Princewill (2022) looked at the relationship between telecommunications company entrepreneurial mindsets in Rivers State, Nigeria. by use of the Spearman's Rank-Order Correlation Coefficient. The research's conclusions show a strong relationship between an organization's degree of competitiveness (quality and market share) and the two dimensions of entrepreneurial orientation that were selected: innovativeness and proactiveness.

Scholarly work have been documented on entrepreneurial orientation and SMEs survival prior to this time, for instance, Omodafe and Nwaizugbo (2017), Jegede (2018), Okafor, Onifade and Ogbechi (2018) in Nigeria, Gamage, Ekanayake, Abeyrathne, Prasanna, Jayasundara and Rajapakshe (2020) in cross countries, Diabate, Sibiri, Wang and Liying (2019) in Côte d'Ivoire to mention but a few have successfully investigated survival strategies and sustainable growth of SMEs business, analytical review of Small and mediums scale enterprises, entrepreneurs' abilities (EAs) and SME sustainability growth, social media marketing on small scale business performance, survival strategies required by SMEs to sustain business beyond first 5 years in Nigeria and other parts of the world. To be more precise, there is a paucity of literature on entrepreneurial orientation and the survival of SMEs in Nigeria, and the few studies that have been done (Akaeze & Akaeze, 2017; Gumel, 2017) only focused on conceptual analysis. This study, however, will conduct an empirical analysis and place a strong emphasis on risk-taking, proactivity, and innovative marketing as indicators of entrepreneurial orientation in Ondo states, which have not had many empirical studies done on them.

RESEARCH METHODS

3.2 Research Design, Population, Sample and Sampling Technique

This study made use of Cross-sectional design and employed the survey method in obtaining the needed data. The target population refers to the total number of subjects of interest to the researcher which comprised business operating for at least 5 years in Ondo State. SMEDAN (2020) have it on record that Ondo State has total number of registered SMEs to be 2,365. Hence, 2,365 is the population of this study. The total sample size for the study is 394 using the Taro and Yamane model (1967). Sample Size. The formula is given and the sample size is calculated as follows:

$$\begin{aligned} \text{Sample Size} \\ n &= \frac{N}{1 + N(e)^2} \\ n &= \frac{2365}{1 + 2365(0.05)^2} \\ &= 342 \end{aligned}$$

Where,

n = the sample size to be

N= total population of the study

e= acceptable margin error term (0.05)

Using purposive sampling technique, the researcher purposively selected 200 SMEs in Ado-Ondo who have been in business for at least 5 years. Hence, 200 respondents became the target size in this study.

Research Instrument, Model Specification and Estimation Technique

Primary data (structured questionnaire) was used for the study. Relevant literatures are reviewed from journal, publications, articles on entrepreneurial orientation, SMEs survival amongst others.

To examine the effect of entrepreneurial orientation on SMEs survival, the model of Etim, Adabu and Ogar (2017) is stated as;

$$SMESG = f(INV, RTK, PRO) \quad 1$$

Where:

SMESG = SMEs survival and sustainable growth; INV = Innovative marketing; RTK = Risk taking; PRO = Proactiveness

The model was adopted on the basis that the variables have been used in empirical investigation to indicate a significant influence, as such, employing the same variable in a study like this is essential.

Multiple regression model was used. To test the hypotheses one to three, element of the variables which include (CRT, RST, OPI, INM) are used to establish the significant effect of the independent variables on the dependent variable.

Stating the equation in notation form, it therefore, becomes:

$$CESMEs = \beta_0 + \beta_1 INV + \beta_2 RTK + \beta_3 PRO + e_t \quad 2$$

Where: α_0 = Constant, $\beta_1 - \beta_3$ = beta coefficients; e = error term.

RESULTS AND DISCUSSION

4.1 Result of Inferential Statistics

Hypotheses: Risk taking, proactiveness and innovative marketing have no significant effect on survival of SMEs in Ondo State

Table 4.1: Regression Coefficients

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.846	.788		-2.341	.024
	Risk taking	.846	.193	.407	4.373	.000
	Proactiveness	.379	.069	.484	5.484	.000
	Innovative marketing	.779	.218	.329	3.566	.001

a. Dependent Variable: Survival of SMEs

Source: SPSS 20, 2023

From the Table 4.1, the following regression equation was established

$$SMESG = -1.846 + 0.846_{RTK} + 0.379_{PTR} + 0.779_{INV}$$

All of the explanatory factors have a positive and substantial impact on the dependent variable, according to the statistical finding of the result, which is obvious to notice. Individually, taking risks has an 84.6 percent positive and substantial impact on a SME's ability to survive. Finally, innovative marketing has a good contributing effect on organisational survival of SMEs in Ondo State, implying that a percent increase in the level of innovative marketing would positively and significantly affect organisational survival of SMEs to the tune of 77.9%. Proactiveness of SMEs was found to contribute positively and significantly to organisational survival of SMEs in Ondo State to the tune of 37.9%. This outcome is not unexpected given the strong effect that innovation has on brand recognition as a means of staying competitive for a long time. The study determined that risk-taking, being proactive, and creative marketing had a positive and substantial impact on organisational survival of SMEs in Ondo state after taking the coefficient result into account.

Table 4.2: Result of Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.806 ^a	.649	.626	.641

a. Predictors: (Constant), Risk taking, Proactiveness, Innovative marketing

Source: SPSS 20, 2023

The model's correlation value was 0.806, according to Table 4.2. The independent variable (risk taking, proactivity, and creative marketing) accounted for 64% of the changes in the dependent variable (organisational survival of SMEs), according to the $R^2 = (0.649; p 0.05)$ that showed this. The modified R^2 demonstrates the real contribution made by the independent variables—risk-taking, initiative, and creative marketing—to the dependent variable—organizational survival of SMEs. The independent variable has a strong level of explanatory power, as seen by the F value of 28.355 significant at .000.

Table 4.3: Analysis of Variance (ANOVA)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.996	3	11.665	28.355	.000 ^b
	Residual	18.924	196	.411		
	Total	53.920	199			

a. Dependent Variable: Survival of SME

b. Predictors: (Constant), Risk taking, Proactiveness, Innovative marketing

Source: Field Survey Report, 2023.

The F-test as shown in Table 4.3 had a value of 28.355 and a significance value of 0.00 at the 0.05 level of significance. It has been established in the literature that an insignificant F-test value implies a poor regression model. According to a general rule, the model should be accepted if the f-probability value is less than a p-value of 0.05. Accordingly, the p-value 0.00 obtained was 0.05, thus the F-test is significant and so indicates that the regression model was a good match.

4.2 Discussion of Findings

The study's underlying assumption is that entrepreneurial attitude affects SMEs in Ondo State's organisational survival. Three research objectives and hypotheses were meticulously developed for the study, and they were each examined and addressed using inferential analysis and the multiple regression test.

According to the study's findings, hypothesis one indicated that taking risks has a favourable and substantial impact on the organisational survival of SMEs in Ondo State. This outcome is

inevitable since no industry is risk-free and SMEs are therefore not exempt. There is a common adage in finance that the more the risk, the higher the profit. This means that a company or corporation that takes on more risk may be more assured of successful outcomes on the long run. All things being equal, SMEs that take risks will have an advantage over other businesses operating during the same economic cycle that do not take similar risks. Therefore, adopting calculated risks has just one goal: to increase SMEs' organisational survival. This does not suggest that SMEs should invest in any company or risk, however; rather, it only means doing so in order to maximise profit.

The outcome of hypothesis two confirmed that being proactive has a good and substantial impact on SMEs' organisational survival. This finding is not surprising and was predicted; in a perfect world, proactiveness would become the cornerstone of business environments. Any entrepreneur who is not aggressive in their business will be forced out by market forces. This implies that being proactive means staying on schedule each day and every season.

Finally, it was determined based on the test report that creative marketing considerably and favourably impacted the organisational survival of SMEs in Ondo State. It is no longer breaking news that we live in an inventive and creative environment. As a result, product and service marketing has changed, with innovative marketing taking the lead. Innovative marketing simply implies that small and medium-sized enterprises (SMEs) can do business quickly, especially with the introduction of technology. The result will considerably aid SMEs in maintaining their organisational viability.

5 CONCLUSION

Based on the study's findings, it can be said that inventive marketing, taking calculated risks, and being proactive are the main aspects of entrepreneurial orientation that have an impact on the survival of SMEs in Ondo State. This suggests that SMEs should be creative by launching new products that appeal to customers, as well as developing new procedures that improve the customer buying experience and discovering new markets or marketing channels. Introduce online shopping (e-commerce) so that customers may shop online and pay upon delivery is a great method to do this. If MSMEs are unable to do this, they can use alternative electronic commerce (e-commerce) platforms, such as Jumia, Konga, Payporte, Dealdey, and jiji, among others. It is generally acknowledged that the usage of e-commerce websites and the sale of products and services via social media platforms, like Facebook, Instagram, LinkedIn, and Whatsapp, among others, have increased sales income.

Proactiveness has helped SMEs in Ondo State, Nigeria, survive as an organisation by taking the initiative to introduce novel concepts. However, the majority of SMEs, particularly the micro companies that make up over 95% of SMEs in Nigeria, lack the funding necessary to operate a research and development department, which may aid SMEs in innovating and introducing new activities ahead of rivals. The widespread use of the internet in Nigeria has made proactive research more simpler and less expensive. Using the internet, for instance, an MSME may quickly identify trends in international fashion that might be applied to Nigerian products. Additionally, you may quickly join a forum online to stay current on trends.

Risk-taking orientation, which entails adopting a risk-tolerant stance by engaging in heavy borrowing or spending significant resources to conduct uncertain companies, tends to improve SMEs' performance. Therefore, top executives of SMEs should have a risk-tolerant attitude towards performance improvement. Employees in SMEs should have considerable liberty to foster their creativity because doing so also tends to improve performance. In order to boost their chances of survival, SMEs can also take lessons from their company operations and endeavour to achieve both their personal and corporate goals.

The study's empirical findings revealed that taking risks, being proactive, and using new marketing techniques significantly and directly affect how long SMEs in Ondo State will be in business. Thus, the analysis supports the empirical findings of Adokiye, Alagah, and Onuoha (2017) as well as Wegwu and Princewill (2022), allowing us to draw the conclusion that entrepreneurial orientation has a favourable and substantial impact on organisational survival in Ondo State. The study suggested that in order for Small and Medium Scale Enterprises operating in Nigeria to make any significant progress in its quest to improve its performance, management of these small and medium scale enterprises in the study areas should pay particular attention to developing the skills and proactiveness of its employees as this will go a long way in improving Small and Medium Scale Enterprises performance.

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