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**THE EFFECT OF ENTREPRENEURIAL ORIENTATION ON THE SURVIVAL OF SMALL AND MEDIUM ENTERPRISES IN NIGERIA**

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***Abstract***

*Entrepreneurial Orientation has significant influence on firm performance more so for small and medium firms operating under globalization and internationalization and regional integration regimes. Globalization results in expanded markets, characterized by increased number of competition, and shrinking market size. This global competition, increasing interdependence, rapid technology development, unstable environments, and many other factors exerts greater pressure on small and medium firms accustomed to operating under a domestic market set-up. To overcome the challenges associated with globalization, eminent scholars in other parts of the world have recommended that firms adopt entrepreneurial orientation as a solution to the challenges brought about by globalization. It is on this basis that this study sought to determine the influence of entrepreneurial orientation on the performance of small and medium enterprises in the information and communications technology sector. The study used descriptive statistics such as mean, standard deviation, median and proportions using the Statistical Package for Social Sciences (SPSS) version 24 and Microsoft Excel. Regression analysis and correlation analysis were used to determine the direction and strength of the relationship between the independent and the dependent variables.. The questionnaires were administered among the seventy (234) management staff members of the one hundred and seventy two (162) selected SMEs in Nigeria through purposive sampling method, and this was done personally by the researcher. Descriptive and inferential statistics was use to analyze and interpret the data use in this research. The study reveals that entrepreneurial orientation is a major challenges that help SMEs to grow and achieve its stated objectives in global competitive environment The study sought to answer the question of what shaped entrepreneurial orientation in SMEs in a developing country context and to answer the question of what contributed to performance for SME. The findings of the study revealed that employee relations showed a positive but insignificant effect on the performance of manufacturing companies in Nigeria. The study recommends the enhancement of employee relations through health and safety, training and development, and staff welfare to maximize employee productivity. It recommends the promotion of customer satisfaction through product information,*

*quality assurance and customer feedback to enhance customer loyalty and firm's reputation to survive in the highly competitive market place.*

**Keywords:** *Entrepreneurial Orientation, Manufacturing companies, SMEs*

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## **INTRODUCTION**

Entrepreneurial orientation refers to infusing the enterprise with innovative behaviors' as a means to achieve such thinking (Schindehutte, Morris, & Kuratko, 2000). While Morris and Kuratko (2018) refers to this mix as firm entrepreneurship with a managerial approach that will encourage innovation and reenergize employee. Furthermore, other scholars refer to firm entrepreneurship as starting innovative management, firm level entrepreneurship, and entrepreneurship management (Stevenson & Jarillo, 2017; Ngotze, Bwisa, & Sakwa, 2019; Covin, 2018). Three situations that can be viewed as firm entrepreneurship therefore emerge as: An individual or individuals developing new products and services in an established enterprise, an entrepreneurial thinking that infuses the whole enterprise operations, and lastly, an enterprise entering new business for instance diversification, a situation where employees act in ways described as entrepreneurial. However, entrepreneurial decision making is affected by cognitive and environmental variables (Hindle, 2019). He further observes that, this compares well with the earlier suggestions on the relationship between performance and the entrepreneurial potential and environmental constraints where Wagner (2017) and Zarr (2018) have shown that almost 80% of small businesses fail within 10 years of launching. The same research also show that those businesses that fail follow the same paths to destruction when these issues could be avoided by just some understanding factors that determine the formation and growth of enterprises, and a little help from experts and consultant (ROK, 2019).

Kuratko and Hodgets (2017) perceive today's enterprise environment to be characterized by a rapid growth of new and sophisticated competitors and a need to improve efficiency and productivity. Mokaya (2018) on the other hand emphasizes firm entrepreneurship as a response strategy to realize competitive advantage in the turbulent and hostile enterprise environment. Similarly this agrees with, Cole (1959) who alludes that for enterprises to survive, they need to continually create an emphasis on firm entrepreneurship as a source of discontinuous innovation that alter rules of competition in their favor. Continuous innovation could imply entrepreneurial orientation by co-operative firms engaging in the component of newness in running their routine activities.

Anderson, Dodd, and Jack, (2018) acknowledges that entrepreneurial opportunities in a country could be affected by access to resources, markets, land, basic infrastructure, skills, traits, knowledge, and culture could affect performance of enterprises. Enterprise culture could result in the development of negative attitudes towards certain enterprises, hence poor enterprise performanc. Performance of co-operative enterprises

in Kenya vary a great deal (Wanyam, 2019). The co-operative enterprises operate in the same economic environment like Small and Medium Enterprises where they are confronted with a hostile political, social, economic and institutional environment. These environment equally hinders cooperative sector's ability to participate effectively in development (Naituli, 2017; ILO, 2019). For entrepreneurial orientation and dynamism in the co-operative sector to work, it demands low barriers to entry, effective guarantees for property rights and access to finances in order for the enterprises to perform at optimum.

Accordingly co-operatives require among other things appropriate physical infrastructure, access to technology, market, sources of assistance and a favorable legal and regulatory environment (Wanyama, 2008; International Co-operative Agency, 1995; World Bank, 2006). However, as earlier observed there is a gap between policy formulation and implementation in developing countries (Cooperative Alliance Agency, 2018; ROK, 2017). This could also be a factor that could effectively hinder the co-operative enterprise performance in Uasin Gishu County in Kenya. Entrepreneurial strategy was once considered mainly a focus on the individual innovator and risk taker, but has now branched into other areas of interest including organizational and environmental interface effectively (Brizek, 2003). Triggering events seem to occur faster than expected (Morris et al., 2008) and as suggested by Drucker (1958), the only constant thing in business is change. The fact that the changing enterprise environment and rule of competition are becoming part of life in most enterprises means that this is a requirements for staying on business. Change being the only thing that endures.

Firm entrepreneurship focuses on the culture within an enterprise to become more entrepreneurial in nature in order to compete in the turbulent enterprise environment (Das, 2018). Literature indicates, firm entrepreneurship as the managerial process of enterprise creation (Davies, & Morris, 1991). However, current literature indicates facets of corporate entrepreneurship such as the analysis of the managerial process of firstly: the birth of new business within existing enterprises, either through joint venturing or internal innovation (Guth & Ginsberg, 1990). Secondly, the transformation of enterprises through strategic regeneration, which means the creation of new wealth through the combination of resources as a result of entrepreneurial activities (Gail, 2018).

Therefore, for co-operative societies to meet their objective, they need to establish competitive advantage through continuous innovation, whether related to the creation of new product and services, production and business models (Lumpkin, 2010; Mokaya, 2012). Wanyama, (2018) suggests that co-operatives need to adapt with speed, aggressiveness, determination, boldness and innovativeness, where Lumpkin and Dess (1999) refers to all this as entrepreneurial orientation.

In the current co-operative framework, members are undecided in their desire to make employees and enterprises more entrepreneurial (Herbert & Brazeal, 2017; Develtere, Pollet, & Wanyama, 2018; 2019). According to ICA, (2018) the task is to create an

enabling environment that fosters, motivates, attracts and retains entrepreneurial employees within co-operative enterprises. Facts which Gamal (2018) agrees to and emphasizes the instilling and enhancing of an entrepreneurial culture of innovation where employees can pursue entrepreneurial events and fail without being punished, rather rewarded for them to continue engaging in entrepreneurial activities. . A point worth noting is that entrepreneurial orientation outcomes includes new entrepreneurial events such as innovativeness, risk taking, proactiveness, competitiveness that could improve and enhances co-operative performance too (Lumpkin & Dess, 2018).

### **Statement of the Problem**

The Micro, Small and Medium Establishments report (RoK, 2018) indicates that there is high mortality rate of SMEs in Nigeria with a total of 2.2 million businesses having closed from 2012 to 2016. Small and Medium enterprises in Nigeria have been experiencing setbacks which led poor performances after the collapse of manufacturing companies between 2000-2008 whereby 20 companies shut down or suspended production due to economic recession (Ayodeji, 2017) It is argued that in Nigeria, just like in other country, the survival rate of SMEs is only 10-20% (Adeji, Ngugi & Wale, 2018). The SME sector has great potential as we realize that while many SMEs fail, others survive beyond infancy and adolescence, becoming major success stories, creating wealth for their founders and jobs for the communities they serve (Vijay & Ajay, 2019).

For instance, in Spain entrepreneurial competencies have not only direct impact, but also indirect impact on SME firm performance via the mediating effect of organizational capabilities (Sanchez, 2017). In Tanzania, Madatta (2019) found out that entrepreneurial competencies are directly associated to business success. Since each market and economy has its own features that provide a unique environment for SMEs to develop and operate, the Nigeria scenario requires its own analysis. In Nigeria, most studies relating to SMEs failure rate have mainly concentrated on the growth aspect (Abdul & Ngugi, 2017; Bernadette, 2019;. Manufacturing sector is a key driver of global trade and is highly espoused in Vision 2030 economic blueprint, 2013). The government of Nigeria has initiated programmes to shift into mass industrial production of higher value-added goods that are competitive in the export market through development of a favourable business environment and infrastructure , 2016; , 2014), hence the need to study the manufacturing sector in Nigeria.

### **Research Objectives**

The general objective of the study is to determine the effect of entrepreneurial orientation on the survival of small and medium enterprises in Nigeria

#### **Specific objective;**

The specific objective is to ascertain the effect of entrepreneurial orientation on the survival of small and medium enterprises in Nigeria

### **Research Question**

1. How does entrepreneurial orientation influence the survival of small and medium enterprises in Nigeria?

### **Research Hypothesis:**

H<sub>02</sub> Entrepreneurial orientation has no significant influence on the survival of small and medium enterprises in Nigeria

### **Justification of the study**

Managers without strategic understanding of Entrepreneurial orientation are prone to postponing costs that later escalate when the company is later judged to have violated its entrepreneurial orientation. The study is important to start-ups so that they can be able to evaluate their competencies that will enhance their chances of survival and eventual growth. It will serve as a resource for personal decision-making as a self-evaluation aid that can be used to increase prospective entrepreneur's awareness of their strengths and weaknesses with regard to future business endeavors. Having the right idea early on about which competencies are necessary, a person can focus more effectively on developing them and thus avoid the unproductive wondering where to concentrate the so valuable personal time and efforts. These professionals would thus be more aware of the competencies which the entrepreneurs need to master and be trained on thereby be able to offer proper guidance and assistance. As for existing SMEs, it is time to re-look at their competencies and in the event of any deficiency then think of how to enhance the same either through training or education. Knowing which of their personal competencies (existing and to be developed) might positively affect their business, entrepreneurs can thus act with greater accuracy and confidence towards the accomplishment of their goals. The study would therefore help policy makers formulate policies that are geared towards ensuring SME's survival based on what would increase their entrepreneurial competencies. Research interest in manufacturing sector stems from the consequences of factories on the environment and society in which they are located, and the significant impact on the economy of a nation since it is the basis for determining a nation's economic efficiency

### **LITERATURE REVIEW**

#### **Concept of entrepreneurial orientation (EO)**

Entrepreneurial orientation (EO) is described as a firm-level tactical orientation which captures a firm's strategy-making exercise, managerial philosophies, and behaviours that are entrepreneurial (Anderson et al., 2019). Firms are said to having EO when they support and exhibit entrepreneurial behaviour to become a distinctive organizational attribute (Covin & Wales, 2019). One of the similarities among past EO research is the inclusion of proactiveness, innovativeness, and calculated risk-taking as central aspects

or dimensions of the orientation (Wales, 2016, 2018). In the past, EO has largely been measured using a nine-item psychometric instrument developed by Dennis Slevin & Jeff Covin (Wales, 2019).

The idea that SMEs and economic growth are very closely and positively linked together has undoubtedly made its way since the early works of Schumpeter (Adeoye, 2018). They are considered as the engine of growth and development of countries due to their immense contributions to the manufacturing subsector, diversification of output, and reduction of unemployment (Iorun, 2019). They create employment not only to the business owners but also to others since the sector is characterized by ease of entry, small scale operations, adaptive technology, and are found in every part of a country.

The SME sector is expanding fast and wide to include entrepreneurs bent on solving societal problems. These new crop of entrepreneurs are thus widening the importance of SMEs beyond what is traditionally known (Lam, & Harker, 2019). Ormiston & Seymour (2017) noted that within the last decade more and more entrepreneurs through their SMEs are focusing their work on resolving social problems. Whether it is poverty or climate change, these important issues deserve the efforts of these eager entrepreneurs, and their work benefits the society not just through the jobs they create or the sleek product they deliver, but by the people they help. In doing so, they often act with little or no intention of gaining personal profit.

There is arguably high mortality rate of SMEs within the first three years of operation. Efforts directed towards enhancing their survival and eventual growth has been a concern to researchers, policy makers and governments. Many SMEs encounter problems that limit their survival. Ng and Kee (2020) argue that in order to survive and become successful in today's competitive and rapidly changing market environments, SMEs need to continuously acquire and enhance their entrepreneurial competencies. They believe that entrepreneurial competencies play a pivotal role in ensuring survival and success of business. The focus here is on the entrepreneur because it is him who makes the difference: he sets the conditions, the boundaries, the characteristics and ultimately the value creating ability of the enterprise (Sanchez, 2018).

Small and Medium Enterprises (SMEs) cover a variety of enterprises providing goods and services. They encompass sole proprietorship or entrepreneurship, family business and partnerships, and may be incorporated or unincorporated. Small and Medium Enterprises come in many different shapes and sizes; however, in today's complex business environment they may have close financial, operational or governance relationships with other enterprises. These relationships often make it difficult to precisely draw the line between an SME and a larger enterprise. Small and medium enterprises are named by adjectives indicating size, thus economists tend to divide them into classes according to some quantitative measurable indicators. The most common criterion to distinguish between large and small businesses is the number of employees (Hatten, 2019).

The definition adopted by regulators recognizes the number of employees, sales and/or turnover size. The commonest among the three is the number of employee's criterion. European Commission lends support to this as the main criterion (Ardic, Mylenko & Saltane, 2019). In Kenya, SMEs are officially defined according to employment size: Micro enterprises (1-9 employees), Small Enterprise (10-49 employees), Medium Enterprise (50-99 employees). Use of the term "employment" here does not necessarily imply partially or fully paid employment; but refers to the total number of people working in the business whether they are partially, fully paid or not (RoK, 2016). This study is therefore restricted to firms with less than 100 employees.

It is estimated that SMEs make up more than 90% of all new business establishment worldwide. They have been identified by the Western economies as a significant strategy of job and wealth creation. In the developing countries, interest in the role of SMEs in economic growth is considerably high, regeneration in general and the creation of employment opportunities in particular. They are widely recognized the world over for their role in the social, political and economic development (World Bank, 2018).

Empirical studies show that SMEs contribute to over 55% of GDP and over 65% of total employment in high-income countries. SMEs and informal enterprises account for over 60% of GDP and over 70% of total employment in low-income countries, while they contribute over 95% of total employment and about 70% of GDP in middle-income countries (Nyagah, 2020). The relative importance of SMEs and the informal sector are inversely associated with economic development. In the least developed economies, the contribution of SMEs to employment and GDP is less than that of the informal sector, where the great majority of the poorest of the poor make a subsistence level of living (Okpara, 2018).

The contribution made by SMEs does vary widely between countries and regions. Nevertheless, although they play particularly key roles in high-income countries, SMEs are also important to low-income countries, making significant contributions to both GDP and employment (Dalberg, 2011). When combining the data for those countries for which reasonably good data are available, SMEs account for 52% of private sector value added, this provides a reasonable estimate for the sector's global economic contribution. The contribution of SMEs to economic fundamentals nonetheless varies substantially across countries: from 16% of GDP in low-income countries (where the sector is typically large but informal) to 51% of GDP in high-income countries (ACCA 2010). Though SMEs played an important role in national economy and provide the majority of job opportunities, the survival of SMEs are not optimistic around the world. Previous researcher has shown that 68% of all SMEs in the United States of America (USA) made their exit from business within 5 years, 19% survived from 6 to 10 years, merely 13% survived in excess of 10 years while in Europe, only 65% of SMEs survived for more than 3 years, and 50% survived for more than 5 years (Cao, 2018).

### **Theoretical Framework**

This section examines theories and business models used to establish the theoretical foundations of the study. A theory is a set of concepts or constructs and the interrelations

that are assumed to exist among them, which contains generalizations and hypothesized principles which can be scientifically tested. It provides the basis for establishing the objectives and hypotheses of the study. Theories are analytical tools for understanding, explaining, and making predictions about a given subject matter. They form the base on which research is founded by providing prior expectations (Gujarati & Porter, 2010). This study was based on stakeholder theory, resource based theory, social contract theory, social identity theory and slack resources theory.

### **Stakeholder Theory**

Stakeholder theory suggests that a firm's obligation is not only to maximize profits but also to increase stakeholder satisfaction. It argues that organizations should balance a multiplicity of stakeholders' interests. It recognizes that firms have obligation to a wide and integrated set of stakeholders (Harrison & Wicks, 2013; Sweeney, 2009). It posits that organizations should treat all stakeholders fairly to improve their performance and competitiveness in the marketplace (Tilakasiri, 2012; Yin et al., 2013).

The major limitation of the stakeholder theory is that it proposes fair treatment of all stakeholders, which conflicts with the major business profitability objective. The major strength of this theory is that it imposes responsibility on firms beyond regulatory requirement which assures firm's long term success and sustainability (Tilakasiri, 2012).

### **Resource Based Theory**

The resource-based view (RBT) contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals (Freeman et al., 2010). RBT provides an assessment of the resources that the firm requires to possess and dispose of a bundle of distinctive capabilities and competencies to be competitive. The RBT suggests that the firm, in competitive business environment, needs to leverage its unique resources, capabilities and competencies and perform tasks efficiently and expeditiously to capture new opportunities, expel threats and to meet customer needs (Al-Ansari, 2014).

It posits that a firm's unique capabilities, competencies and management abilities to marshal its resources to produce superior performance, determine its competitive advantage. The firm's resources are classified as tangible (financial reserves and physical resources; plant, equipment, and raw materials), intangible (reputation and technology), and personnel-based (expertise, commitment and loyalty). Whereas sustained competitive advantage is based on the attraction, accumulation and retention of resources which are unique and hard to copy, employees are nowadays acknowledged as valuable assets (Sweeney, 2009). Freeman et al. (2010) argues that, for a firm's resource to be a source of sustained competitive advantage, it must be unique, rare, valuable, inimitable (hard to copy) and non-substitutable. It supports employee, and customer relations, and also firm characteristics as sources of competitive advantage.



This theory supports the coordination of tangible and intangible resources for higher performance and competitive advantage. Its major weakness is that many firms have limited bundle of strategic assets and capabilities and are easily copied by competitors (Al-Ansari, 2014). The major strengths of RBT is that it is the driving force in strategic management literature and complements the stakeholder theory in that firm competitiveness requires effective management of both organizational resources and stakeholder relations (Freeman et al., 2010).

### **Social Contract Theory**

Social contract theory declares that society has “the mandate” or the “viability of business”. This is also referred to as “licence to operate”, the “iron law of responsibility” and the “legitimacy theory” (Hilson, 2014). Organizations exist and act by permission of society at large, hence obliged to be sensitive to various stakeholders. If organizations act in ways that are not consistent with society’s expectations, they will eventually face externally imposed controls over their behavior. Thus, firms are obliged to preserve their image of a legitimate business with legitimate aims and methods (Sweeney, 2009). Social contract is mutual trust and relationship between the organization and stakeholders, with a set of rules and assumptions about behavioural patterns. Stakeholder management is grounded in the concept of the social contract which focuses on the relationship between the business and stakeholders (Sweeney, 2009). Formal social contract defines a firm’s explicit responsibilities, including generating returns for shareholders, obeying laws and regulations, creating jobs, paying taxes and honouring contracts.

On the other hand, informal social contract reflects society’s implicit expectations that are not explicitly stipulated by the law such as adherence to global labour and environmental standards, triple bottom-line reporting, industry norms and codes of conduct, fulfilling brand promises and philanthropy to the community (Galbreath, 2019).

According to social contract theory, businesses must act in a responsible manner in line with society expectations as they pursue their commercial interests (Mwangi & Oyenje, 2013). Social contract theory defines relationships with shareholders, employees, creditors, suppliers, consumers, the government, the community and various stakeholders. Internally, employees become more productive when the working conditions, interests and benefits are guaranteed in the corporate internal contract. Externally, ensuring the quality of products, abiding to law and protecting the environment will help firms to establish a good corporate image and reputation, which creates and sustains competitive advantage (Fu & Shen, 2016).

The social contract recognizes that the firm has to seek favour from the society in which it operates. Its weakness is that the extent of corporate social contract is constrained by several factors such as laws, policies, morals, self-discipline and the preference of investors, government and community. Its key strength is that firm performance is based

on the outcome of a collection of contracts with the various stakeholders; shareholders, employees, creditors, consumers, suppliers, government, community and other stakeholders (Fu & Shen, 2017; Sweeney, 2018).

### **Empirical review**

Empirical studies show that SMEs contribute to over 55% of GDP and over 65% of total employment in high-income countries. SMEs and informal enterprises account for over 60% of GDP and over 70% of total employment in low-income countries, while they contribute over 95% of total employment and about 70% of GDP in middle-income countries (Nyagah, 2020). The relative importance of SMEs and the informal sector are inversely associated with economic development. In the least developed economies, the contribution of SMEs to employment and GDP is less than that of the informal sector, where the great majority of the poorest of the poor make a subsistence level of living (Okpara, 2018).

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In middle-income countries, formal SMEs contribute about 20% more to employment and GDP than the informal SMEs (Nyagah, 2019). Thus, in these countries, eliminating factors that discourage informal enterprises from entering the formal SME sector would also bring about gains in economic terms. This is witnessed by the fact that SMEs as compared to informal sector contribute over 3 times both in total employment (approximately 65%) and GDP (approximately 55%) in high-income countries and that these countries are also taking initiative to bring as many informal enterprises as possible into the formal sector (IFC, 2006; Ngugi & Bwisa, 2019).

In Africa SMEs play a momentous role in the macro economy. There has been an obvious rise in the widespread emergence of SMEs in Sub-Saharan Africa (Okpara, 2020). In considering the SMEs' economic contribution in some selected Africa countries, the Department of Trade and Industry (DTI, 2012) of South Africa indicates that there are

more than 800,000 SMEs and has estimated that total economic output of SMEs in South Africa to be 50% of GDP. It is also estimated that they provide employment to about 60% of the labour force. In Nigeria, SMEs are extremely imperative and contribute significantly to economic growth, principally in the manufacturing sector. Small and Medium Enterprises constitute between 70% to 90% of the business establishment in the manufacturing sector (Eniola & Ek. Kuratko and Hodgets (2017) perceive today's enterprise environment to be characterized by a rapid growth of new and sophisticated competitors and a need to improve efficiency and productivity. Mokaya (2018) on the other hand emphasizes firm entrepreneurship as a response strategy to realize competitive advantage in the turbulent and hostile enterprise environment. Similarly this agrees with, Cole (1959) who alludes that for enterprises to survive, they need to continually create an emphasis on firm entrepreneurship as a source of discontinuous innovation that alter rules of competition in their favor. Continuous innovation could imply entrepreneurial orientation by co-operative firms engaging in the component of newness in running their routine activities.

Anderson, Dodd, and Jack, (2018) acknowledges that entrepreneurial opportunities in a country could be affected by access to resources, markets, land, basic infrastructure, skills, traits, knowledge, and culture could affect performance of enterprises. Enterprise culture could result in the development of negative attitudes towards certain enterprises, hence poor enterprise performance. Performance of co-operative enterprises in Kenya vary a great deal (Wanyam, 2019). The co-operative enterprises operate in the same economic environment like Small and Medium Enterprises where they are confronted with a hostile political, social, economic and institutional environment. These environment equally hinders cooperative sector's ability to participate effectively in development (Naituli, 2017; ILO, 2019). For entrepreneurial orientation and dynamism in the co-operative sector to work, it demands low barriers to entry, effective guarantees for property rights and access to finances in order for the enterprises to perform at optimum.

### **Methodology**

**Research Design:** The study adopted a descriptive research design. The researcher used a cross sectional research design with both qualitative and quantitative methods. The design was appropriate in investigating the empirical and theoretical relationship between the variables.

### **Sample Size and Population**

80 members of staff and 20 members of customers constitute the respondents for this research work. A total of 100 questionnaires were sent out and 70 were fully answered and returned and used for the analysis.

### **Methods of Data Collection**

Data needed for this work was collected through the use of primary and secondary source.

**Primary Sources of Data**

The research uses personal interviews amongst staff of the company and few customers, all selected at random. Also, questionnaires were used to collect necessary information to avoid bias.

**Method of Data Analysis:** Regression Analysis was used to test the hypotheses.

**Descriptive Results**

**Table 2.2: Employee Relationship Descriptive Results**

| Statements  | S    | D     | N     | A     | SA    | M    | Std  |
|---|------|-------|-------|-------|-------|------|------|
|   | D    |       |       |       |       | ea   | Dev  |
|   |      |       |       |       |       | n    |      |
| Organizations are frequently subjected to entrepreneurial orientation   | 5.7% | 4.3%  | 22.9% | 35.7% | 31.4% | 3.83 | 1.10 |
| Employees' orientation enhances job satisfaction and organizational commitment which leads to greater productivity and low employee turnover          | 5.7% | 10.0% | 28.6% | 35.7% | 20.0% | 3.54 | 1.10 |
| Organizations need to strategize and guarantee rights, interests, benefits and working conditions of workers to realize employee job satisfaction     | 2.9% | 4.3%  | 37.1% | 34.3% | 21.4% | 3.67 | 0.96 |
| entrepreneurial orientation is a tool used to attract, motivate and retain a productive workforce by improved working conditions and labour practices | 7.1% | 4.3%  | 24.3% | 32.9% | 31.4% | 3.77 | 1.16 |
| To ensure accountability and focus in entrepreneurial orientation   | 5.7% | 4.3%  | 30.0% | 30.0% | 30.0% | 3.74 | 1.11 |

The results showed that 35.7% and 31.4% of the respondents agreed and strongly agreed respectively. The findings further showed that the statement in respect to entrepreneurial orientation had a mean of 3.83 and a standard deviation of 1.10. The study also intended to establish whether the percentage of entrepreneurial orientation had significantly improved SMEs performance. The results in Table 4.6 showed that 35.7% and 20.0% of the respondents agreed and strongly agreed respectively. The findings further showed that the statement had a mean of 3.54 and a standard deviation of 1.10.

**Regression Model**

$$SMEs\ survival = \alpha + \beta_1x_1 + \mu$$

Where the variables are defined as:

SMEs- small and medium scale enterprises

X<sub>1</sub> – Entrepreneurial Orientation

α - regression output(constant)

$\mu$  - Error term.

## Results and Discussion

### Correlation Analysis Results

According to Kothari (2014), the correlation coefficient can range from -1 to +1, with -1 indicating a perfect or negative correlation, +1 indicating a perfect positive correlation, and 0 indicating no correlation at all. Kothari (2014) further stated that the importance of correlation is to determine the extent to which changes in the value of an attribute is associated with changes in another attribute.

### Hypothesis One

*There is no significant relationship between entrepreneurial orientation and the SMEs survival*

### *Entrepreneurial orientation and the SMEs survival*

The first objective of this study was to establish the relationship between entrepreneurial orientation and the survival of small and medium enterprises in Nigeria. The results are presented in Table 4.4:

**Table 2.2: Correlation Results for entrepreneurial orientation and the survival of small and medium enterprises**

|   |                     | <i>Entrepreneurial orientation</i> | <i>SMEs survival</i> |
|---|---------------------|------------------------------------|----------------------|
| <i>Entrepreneurial orientation</i>                                  | Pearson Correlation | 1                                  | .263**               |
|   | Sig. (2-tailed)     |                                    | .000                 |
|   | N                   | 170                                | 170                  |
| <i>SMEs survival</i>  | Pearson Correlation | .263**                             | 1                    |
|   | Sig. (2-tailed)     | .000                               |                      |
|   | N                   | 170                                | 170                  |
| <b>**.</b> Correlation is significant at the 0.01 level (2-tailed). |                     |                                    |                      |

The correlation results revealed a positive and significant association ( $r=0.263$ ,  $p=0.000$ ) between entrepreneurial orientation and the survival of small and medium enterprises. The findings implied that when entrepreneurial orientation is positive and then *SMEs survival*

will also be positive and showing significant association. Therefore, null hypothesis that stated no significant relationship between entrepreneurial orientation and *SMEs survival* is rejected. This means that there is significant but weak relationship between entrepreneurial orientation and *SMEs survival*.

### Conclusion and Recommendation

Specifically, the study sought to determine the effect of entrepreneurial orientation on the *SMEs survival* in Nigeria. The study concludes that there is a positive relationship between entrepreneurial orientation and the survival of SMEs in Nigeria. Based on the finding of the study, the study concludes that entrepreneurial orientation is important in *SMEs survival* of Nigeria.

### Recommendations of the Study

Based on the findings of the study, the researcher recommends that manufacturing firms should enhance entrepreneurial orientation because entrepreneurship are the most valuable business in the country. The empirical evidence from this study infers that the success of firms depends on the level of entrepreneurial orientation determines job performance and the quality of products and services. Also based on the empirical evidence that training and education of employees enables them to be more skilled and productive, this study recommends that manufacturing firms in Nigeria develop skills and capacity of employees so as to enhance innovation and creativity hence create and sustain competitive advantage. This study also recommends that manufacturing firms need to offer the much required customer orientation support in terms of product information, quality assurance, and handling customer feedback. Considering the highly competitive market place, firms need to be clearly visible and provide the best offering to the customer. This would ensure customer satisfaction for enhanced customer loyalty and firm's reputation. This study further recommends that manufacturing firms should be highly sensitive to the customer who nowadays has easy access to information, variety of choices and ecologically sensitive.

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