

A STUDY OF THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION ON THE BUSINESS PERFORMANCE OF AUTO ARTISANS FIRMS WITHIN LAGOS STATE METROPOLIS IN NIGERIA

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Abstract

This study investigates the relationship between entrepreneurial orientation and business performance of small scale auto artisans within Lagos state metropolis. Descriptive survey research design was adopted using quantitative research approach. Questionnaire was used to elicit information from the respondents selected through multistage sampling technique. Descriptive statistics were used to present a snap view of the data collected, while correlation, regression analysis and ANOVA were used to test the hypotheses. Results of the analysis established that all the entrepreneurial orientation dimensions (innovativeness, risk taking, proactiveness, competitive aggressiveness, and autonomy) are significantly related to one another and business performance. Also all the entrepreneurial orientation dimensions individually and jointly significantly predicted and influenced business performance. Findings of the study also revealed that the degree of entrepreneurial orientation is related to the year/period the business has been in operation. The study concluded that the competitive nature of contemporary business environment, require that firms are highly entrepreneurial-oriented to succeed. The study recommended that small scale entrepreneurs should develop capability that will foster entrepreneurial orientation so as to build a formidable learning and adaptive organization.

Key words: Innovativeness; Risk taking; Proactiveness; Competitive aggressiveness; Autonomy; Small scale artisans; Business performance.

1. Introduction

The connection of entrepreneurship to economic growth and development is founded on simple instinct- the conversion of ideas into profitable commercial opportunities. The above logical interrelationship has propelled growing recognition of entrepreneurship as a dynamic feature of contemporary business world (Thurik & Wennekers, 2001; Arunma, 2009; Rahim, 2017).

The study of entrepreneurship dates back to the prominent work done by Richard Cantillon and Adam Smith in the late 17th and early 18th centuries (Baporikar, 2013). In the opinion of Drucker (1985), entrepreneurs are people who foresee change and capitalize on opportunity to create commercial and economic value. Entrepreneur in French parlance refers to somebody who “undertakes” and by so doing inspired economic development through innovative ways of doing things (Gregory, 2001). From economics perspective, an entrepreneur is a person who is willing to bear the risk of a new business venture if there is reasonable opportunity for profitable return (Carree & Thurik, 2003). In Nigeria, entrepreneurship spirit and practice is as old as the history of mankind (Olagunju, 2008). According to Ogundele (2007), the endorsement of indigenization decree of 1978 and government privatization policy of the early 80s’ propelled an intense change to entrepreneurship development in Nigeria.

Entrepreneurship in Nigeria cuts across peddling business, street hawking, retail transaction, small scale artisans, furniture/upholstery business and repairs and maintenance works among others. Entrepreneurship impacts economic performance in both developed and developing nations in different ways such as employment generation, poverty reduction and nation’s socio-economic development among others (Ghavidel, Farjadi, & Mohammad, 2011; Sulaimon, Rahim, Akintunde, & Ajiroba, 2015). In the opinion of Cioppi, Musso, Pencarelli and Savelli (2014) and Hassan, Maina, and Mahammad (2016), the degree of entrepreneurship success is contingent on how the operators react to the development in the marketplace by adopting proactive strategies to sustain competitive advantage. Entrepreneurs engage in numerous forms of behaviors prior to the commencement and subsequently after forming the organization. Such behavioral tendencies, according to Drucker (1985) and Dess, Lumpkin, and McFarlin (2005) are linked to diverse factors such as innovativeness, doggedness, entrepreneur personality traits and growth pattern of the business.

Behaviors preceding the commencement of business venture comprise idea generation/screening, resources gathering and allocation of investment among others (Baron, 2007). Behaviors subsequent to commencing a business relate to marketing decisions, investment decisions and managerial behaviors (Chell, 2008). As expressed by Stevenson and Jarrillo (1990), a business venture and its owner can be labeled as entrepreneurial if its pattern of behaviors and practices are preoccupied with the recognition, evaluation and utilization of opportunities, independently of its directly owned and controlled resources. The idea of entrepreneurial orientation (EO) is founded on the perspective that certain skills and capabilities are pivotal to business success. The dimensions advocated by Lumpkin and Dess in 1996 have come to be the most widely used entrepreneurial orientation measures in research (Lumpkin & Dess, 1996). These dimensions are: innovativeness, risk taking, proactiveness, competitive aggressiveness, and autonomy. Entrepreneurial orientation connotes the distinguishing features of a firm as reflected in its management competence to take quality decisions and engage in innovative business practices (Lumpkin & Dess, 2001). According to Wiklund and Shepherd (2003), EO connotes the strategy making methods that offer business enterprises a strong basis for business success. With growing complexity in managing business activities, entrepreneurial orientation (EO) can be considered as one of the key factors to ensure the success and sustainability of business organizations.

A vibrant automobile sector has played major roles in the industrial growth of many nations. However, Nigeria is yet to fully develop her automobile manufacturing industry and repair/maintenance services compared to those that of the developed world. There is therefore, a necessity to take a deeper look at the developments in the sector with a view of repositioning it towards progress and sustainability. Previous researchers reported that EO influence firm performance (Lumpkin & Dess, 2001), some contended that the link between the two variables is context specific (Wiklund & Shepherd, 2003), while others claimed that the relationship

between the two variables is contingent on a number of factors such as environment, financial capability, and culture (Hermann, Alexander, & Matthias, 2010). The contradiction between EO and performance appears to be ongoing. Based on a review of relevant literature, this study account for numerous diverse views of how EO is related to business performance. The paper provides the reader with an in-depth understanding and analysis of the issues introduced above in order to explain and offer some significant implications related to the topical issue. EO affects the degree in which businesses develop skills and capabilities to cope with changing business environment. It is against this backdrop that a study of this nature is imperative in the auto artisans sector in Nigeria.

1.1 Statement of the Problem

Some decades ago, numerous global automotive firms were choosing Nigeria to launch markets for their cars. Most prominent among the automotive brands in Nigeria are Hyundai, KIA, BMW and Mercedes Benz to mention a few. Most of these cars are configured with up-to-date navigational devices and information systems among others, thus, requiring adept skills to repair and maintain. In addition, the development has changed the nature of auto artisan works to the one that requires innovative talents and capabilities. Small scale auto artisan businesses have come to be a vital occupation due to a growing automobile market in Nigeria and in line with the growth of automobile businesses, investors have ventured into this sector. Academics have noted that starting a business is a risky venture and noted that the chances of small-business owners surviving the first five-years is very narrow, hence the need to develop capability to overcome some of the teething challenges (Akabueze, 2002; Taiwo, Ayodeji, & Yusuf, 2012). According to Lukman, Moshood, Morufu and Bolaji (2016), indigenous entrepreneurs lack competitive edge due to inadequate competence in critical areas such as managerial competence, social networks, technology adoption and institutional support among others. The report of a study carried out by United Nations Industrial Development Organizations –UNIDO reported that the rate of business mortality in Nigeria is very high, with only 20 per cent of small businesses struggling to survive and the remaining 80% showing high tendency of failure (UNIDO, 2017).

A study conducted by Small and Medium Enterprises Development Agency of Nigeria-SMEDAN (2013), reported that the capability gap by sectoral analysis indicated that competent artisans are readily available in most of the sectors surveyed in Nigeria, but the capacity utilization is on the average. As observed by Dangogo and Muhammed (2014), the foremost difficulty of small businesses in Nigeria is not only their small size but poor learning and adaptive capability which impede their growth prospect and sustainability. Against the aforementioned backdrop, small businesses require entrepreneurial orientation to convert these challenges to opportunities. The influence of EO on firm performance is an extensively studied area within the field of entrepreneurship, but the outcomes of these findings vary from a strong positive relationship to low and no significant relationship (Lumpkin & Dess, 2001; Hughes & Morgan, 2007; Rauch, Wiklund, Frese, & Lumpkin, 2009). The contradictory findings concerning the relationship between the two variables suggest the need for further research, particularly, in the context of Small and Medium Scale Enterprises-SMEs' in a developing country like Nigeria. Deriving from the aforementioned, this study seeks to fill some of the aforementioned lacuna identified in the literature by investigating the influence of entrepreneurial orientation on business performance of small scale auto artisans within Lagos state metropolis in Nigeria.

1.2 Objectives of the Study

This study seeks to accomplish the under listed objectives.

1. To investigate the relationship between entrepreneurial orientation (comprising of innovativeness, risk taking, proactiveness, competitive aggressiveness, and autonomy) and business performance of auto artisan firms within Lagos state metropolis in Nigeria.
2. To examine if the degree of entrepreneurial orientation differs with respect to years of operations of auto artisan firms within Lagos state metropolis in Nigeria.

1.3 Research Questions

The study hypothesized that:

1. What is the relationship between entrepreneurial orientation (comprising of innovativeness, risk taking, proactiveness, competitive aggressiveness, and autonomy) and business performance of auto artisan firms within Lagos state metropolis in Nigeria?
2. Does the degree of entrepreneurial orientation differ with respect to years of operation of auto artisan firms within Lagos state metropolis in Nigeria?

2. Literature Review and Theoretical Framework

2.1 Definition and Meaning of Entrepreneurial Orientation

The landmark research conducted by Miller in 1983 laid the foundation for the concept of entrepreneurial orientation in academic literature (Covin & Lumpkin, 2011). According to Miller (1983), a firm is considered to be entrepreneurially oriented if it engages in product-market innovation, embarks on somewhat uncertain ventures and forge a preemptive and innovative move to outperform competitors. The notion of EO describes the outlook of companies who pursue innovative and risky ventures. There are three approaches to operationalizing a firm's entrepreneurial orientation. These are: managerial perceptions, firm behavior, and resource allocation. Managerial perception encompasses firm-level factors such as strategy, structure, decision-making practices that are related to firm performance (Naman & Slevin, 1993). As reported by Covin and Lumpkin (2011), theorizing entrepreneurship as a firm behavior has numerous advantages. Firstly, firm behavior can be openly perceived and evaluated. Secondly, organization-level characteristics, such as entrepreneurial strategy-making procedures or talent of the management team, permit (or obstruct) entrepreneurial activity. Thirdly, firm behavior can be sustained through the formation of tactics, configurations, cultures and other organizational occurrences, making it responsive to managerial intervention and control. As pointed out by Covin and Wales (2011), the concept of EO does not have a commonly acknowledged meaning. Entrepreneurial orientation, according to Lumpkin and Des (2001) refers to the processes and practices of decision making undertakings that promote new opportunities. Schumpeter (1934) defined entrepreneurial orientation as the procedure by which people or establishments discover and exploit novel business opportunities within an industry. Zahra, Sapienza, and Davidsson's (2006) conceptualized EO as the guidelines and standards used for decision making. In the opinion of Sandeep and Harpreet (2012), EO relates to a firm's strategic orientation which captures the degree of innovativeness, readiness to take risk, technological capability and preemptive stance toward competition. Notwithstanding the contradictions in defining EO, scholars have generally considered EO as the most appropriate factor determining entrepreneurship development (Wales, & Gupta, 2011).

2.1.1 Dimensions of Entrepreneurial Orientation

There has been huge debate regarding the measurement of entrepreneurial construct. The two views that dominated academic literature on EO are: uni-dimensional and multidimensional. The uni-dimensional view of EO is credited to Miller (1983) and Covin and Slevin (1986), while Lumpkin and Dess (1996) is credited as the scholar who promoted multidimensional concept. The two perspectives generalize that EO denotes specific organizational-level behavior that offer a basis for entrepreneurial actions (Lumpkin & Dess, 2001). The most common dimensions of EO are discussed below.

Innovativeness

Innovativeness is a vital component of EO because it mirrors the structure through which firms seek new opportunities founded by changes in product line and investment in both human and material resources (Lumpkin & Dess, 2001). According to Dess, Lumpkin and McFarlin (2005), innovations can be categorized into: technological innovativeness, product-market innovativeness and administrative innovativeness. Technological innovativeness includes mainly research and engineering efforts directed at developing new products and production processes. Product-market innovativeness relates to market research, product strategy and innovation in marketing communication. Administrative innovativeness embraces uniqueness in management styles, control systems and organizational structure.

Risk-taking

Risk taking is a dimension that exemplifies the facet of a firm's strategic posture to venture into business areas whose outcomes are not only difficult to predict but very risky. Risk-taking is usually linked with entrepreneurship because the notion of entrepreneurship includes some element of risk-taking. Accordingly, strategic risk-taking connotes actions such as venturing into the unknown, heavy borrowing and/or commitment of substantial portions of corporate assets into investment decision (Baird & Thomas, 1985).

Proactiveness

Proactiveness relates to opportunity-seeking and forward-looking viewpoint characterized by the introduction of new products and services ahead of competitors (Okpara, 2009). The crux of proactiveness is the zeal to act ahead of rivals and by so doing drive first mover advantage (Ambad & Wahab, 2013).

Competitive Aggressiveness

Competitive aggressiveness narrates the capability and scope of a firm's operations on the basis of a resilient aggressive posture and adaptive reaction to competitors' actions (Lumpkin & Dess, 2001; Kraus, Harms, & Schwarz, 2005). Businesses that possess competitive aggressiveness posture tend to adopt a hostile posture or unconventional approaches towards rivals in an effort to outperform competitors (Lyon, Lumpkin, & Dess, 2000).

Autonomy

Autonomy is connected to the capability to make independent decision or take action by an individual in an attempt to create a new venture or a novel business idea (Rauch et al., 2009). Autonomy offers a basis to empower organizational members, the liberty/flexibility to launch new product and entrepreneurial creativities to resolve teething problems (Covin & Wales, 2012; Arisi-Nwugballa, Elom, & Onyeizugbe, 2016).

2.2 An Overview of the Connection among Entrepreneur, Entrepreneurship and Entrepreneurial orientation

Despite the connection among entrepreneur, entrepreneurship and entrepreneurial orientation, there are sharp distinctions among them. The term entrepreneur is formerly derived from the French parlance “entreprendre”, which refers to an undertaking of an idea, to seek for an opportunity, being innovative and ability to accomplish individual’s desires by venturing into business (Kuratko & Hodgetts, 2004). As expressed by Shelton and Darling (2001), an entrepreneur is a person or an innovator who recognizes, develops and transforms opportunities into practical ideas that create value. Norman and John (1983), depict two types of entrepreneurs: the craftsman-entrepreneur and the opportunistic-entrepreneur. The craftsman-entrepreneur refers to a person with specific technical training, degree of confidence and those inclined to seek business opportunities. The opportunistic-entrepreneur on the other hand, possesses high notch flexibility/orientation with a tendency to acquire higher level of education and social consciousness (Smith, 1967). From the viewpoint of social psychology, entrepreneurship has been deliberated as intentional and planned behavior by an individual (Krueger, Reilly, & Carsrud, 2000). Entrepreneurship, according to Shane (2003) refers to such activities that encompass the searching, assessment and utilization of opportunities to produce innovative goods and services through organized markets and processes.

Entrepreneurship, according to Pirich (2001) is not a static phenomenon and its horizon extends beyond mechanical and economic factor. Entrepreneurship has to do with change and is usually connected with choice-related issues and risk taking to capitalize on opportunities. According to Conner (1991), entrepreneurial orientation is the core of resource-based theory which advocates that the resources needed to compete in the market are fundamentally contingent on entrepreneurial orientation. In the opinion of Covin and Wales (2012), entrepreneurial orientation of an organization is reflected by the degree to which the top executives are motivated to take business-related risks and capability to adapt to change with a view of competing aggressively to gain competitive advantage. Scholars such as Drucker (1985) and Covin and Lumpkin (2011) maintained that an entrepreneur require some psychological characteristics such as risk taking, capability and doggedness among others to succeed. McGuinness (2008) posits that the dissimilarity between entrepreneurial orientation and entrepreneurship is the distinction between content and process which elucidate the progression of how to be entrepreneurial. In the opinion of Lumpkin and Dess (1996), the distinction between entrepreneurial orientation and entrepreneurship is that EO exemplifies vital entrepreneurial practices that answer the question of how new businesses are created, whereas the term entrepreneurship discusses the content of entrepreneurial decision by focusing on what entrepreneur undertake.

2.3 The Connection of Entrepreneurial Orientation to Business Performance

Performance is an expansively used notion in many fields of studies as a measure of how an entity is performing. Performance is an assessment of how well a firm achieves its intended objective. From organizational viewpoint, performance relates to how well the business organization is managed and the value the firm offer to its stakeholders (Wu & Zhao, 2009; Prabin, 2016). According to Antony and Bhattacharyya (2010), business performance is viewed as a measure of organizational success with respect to the worth it provides to both internal and external customers. The relationship between EO and business performance is contingent on the indicators adopted to evaluate performance (Lumpkin & Dess, 2001; Stam, Souren, & Elfring, 2013). A number of scholars elucidate multiplicities of performance indicators; nonetheless, the consensus is between financial and non-financial measures. Non-financial measures comprise high satisfaction and global success ratings made by owners or business

managers, customer satisfaction and corporate reputation, while financial measures consist of issues such as sales turnover, return on investment, profitability growth, liquidity structure and leverage ratio among others (Combs, Crook, & Shook, 2005).

Large streams of research have documented positive relationship between EO and firm's performance (Kraus, Rigtering, Hughes, & Hosman, 2012; Karaoglu, Bayrakdaroglu & San, 2013). As submitted by Lumpkin and Dess (2001), EO is a source of competitive advantage, therefore, possession of higher intensities of EO permit firms to recognize and capitalize on opportunities faster than non-entrepreneurial companies. The relationship between EO and business performance differ across studies. While some scholars have reported that companies that adopt entrepreneurial orientation perform much better than firms that do not (Lee, Lee & Pennings, 2001; Wiklund & Shepherd 2003), other academics reported lower correlations between EO and firm performance (Lumpkin & Dess, 2001; Dimitratos, Lioukas, & Carter, 2004), while some researchers were unable to discover any significant relationship between EO and business performance (George, Wood, & Khan, 2001; Covin & Wales, 2012).

2.4 Theory of Creative Destruction

A renowned economist in the 20th century, Joseph Schumpeter (1951) promoted the theory of creative destruction founded on how the entrepreneur drives innovation and engagement to create disruptive changes. Innovative behavior by the entrepreneur is seen by Schumpeter as a crucial endogenous cause of change that drive economic system (Van Praag, & Versloot, 2007). Other scholars such as Drucker (1985) sponsor the "creative imitation theory" connected to the notion of change that enable exploitation of opportunities by an entrepreneur. Accordingly, innovation represents the medium through which entrepreneurs initiate to produce innovative products. Inkele and Smith's (1974) recommended the need-to-improve theory to enrich theoretical understanding of entrepreneurial development which describes the behavior of entrepreneurs and inspire people to continually pursue innovative business ideas. Kirzner (1973) proposes "theory of entrepreneurship alertness" which holds that alertness is a collective trait required by prosperous entrepreneurs to succeed. The alternative description advocated by Kirzner (1973) submits that the preponderance of innovations may be much more incremental to create radical change. According to him, innovation does not materialize automatically, but is driven by entrepreneurship and as such requires public policies support.

2.5 Empirical Review

Arief, Thoyib and Sudiro (2013) found that EO is positively connected to firm performance with strategic flexibility playing an intermediating role. The outcome of a research conducted by Baker, Mahmood, and Ismail (2015) on a sample of 500 managers of SMEs' in Malaysia also reported similar findings between EO and performance of SMEs. Results of the study carried out by Amin (2015) among SMEs' randomly selected from the electronic and electrical sector and beverage industries in Malaysia reported positive association between EO and business performance. Civelek, Rahman, and Kozubikova (2016) carried out a study on a sample of 1141 SMEs out of which 740 were micro enterprises. Findings of their study reported that younger micro firms are more proactive, innovative and willing to take risks than the older micro businesses. George et al. (2001) and Wiklund and Shepherd (2003) reported insignificant link between EO and business performance. The relevance of context to the connection between EO and business performance is highlighted in a meta-analysis study carried out by Rauch, Johan, Micheal, and Lumpkin (2004), who reported that 'national culture' is a very influential moderator in EO-performance relationships. Okeyo, Gathungu, and K'Obonyo (2016) examined the link between EO, business development services, business environment and

firm's performance. The outcome of their study revealed that business development services play an intervening role in the EO and performance relationship and that external environment control this association. In addition, the study findings demonstrated no role of internal environment on the EO-firm's performance.

A research carried out by Muthee-Mwangi and Ngugi (2014) examined the influence of the dimensions of EO on the growth of Micro and Small Enterprises (MSEs) in Kenya. The results exposed that the dimensions of EO (risk-taking, innovativeness, proactiveness, and entrepreneurial managerial competence) exert significant positive effect on the growth of MSEs'. A study carried out by Soininen (2013) investigated major drivers and performance influence of EO on SMEs' during economic predicament. The results discovered that the dimensions of EO had a major positive influence on a company's long-run growth, signifying that EO has positive implications on business performance. In addition, the study reported that during the time of economic crisis, the diverse dimensions of EO had both positive and negative influence on the performance of SMEs'. A study carried out by Matchaba-Hove, and Vambe (2014) in the retail sector in South Africa reported that the dimensions of EO such as competitive aggressiveness, innovativeness, and proactiveness had a substantial positive effect on the success of the business, but autonomy and risk-taking do not. The study conducted by Kusumawardhani (2013) assessed the connection of EO to the performance of Indonesian SMEs'. Findings of the study revealed that pro-activeness was the only dimension of EO that exerts influence on SMEs' performance.

2.6 Research Hypotheses

Based on the objectives of the study, it is hypothesized that:

***Ho1:** There is no significant relationship between entrepreneurial orientation (consisting of innovativeness, risk taking, proactiveness, competitive aggressiveness, and autonomy) and business performance of auto artisan firms within Lagos state metropolis in Nigeria.*

***Ho2:** The degree of entrepreneurial orientation will not significantly differ with respect to years of operations of auto artisan firms within Lagos state metropolis in Nigeria.*

3. Methodology

This study used descriptive survey research design to gather quantitative data on the variables of interest. Most of the auto artisan businesses are small scale in nature and operate as an informal business; this poses challenges in getting a reliable sampling frame for the study. The sample is determined based on simplified formula proposed Godden (2004) for computing sample size from infinite population.

$$n = \frac{Z^2 \times P(1 - P)}{\epsilon^2}$$

$$n = \frac{1.96^2 \times 0.50(1 - 0.50)}{0.05^2}$$

$$n = 384.16$$

$$n = 385$$

Where

n = Minimum Sample Size.

Z = Z-value (95% confidence level which is 1.96).

- P = Population Proportion of 50% (0.05).
- C = Confidence interval or Margin of error allowable in the sample estimate of population which is estimated to be 5% (0.05).

Using the formula, the researcher arrived at 385 sample size for the study. The auto artisan services investigated in this study comprises of auto mechanics, auto electricians, auto panel beater and auto sprayers. The survey was addressed to the owner-managers of the firms, since policy issues and business decision are generally handled by the owner-managers of the company. The choice of auto artisan is based on the fact that automotive services have evolved from mechanical based repair to high-tech profession with cohesive electronic and computer systems that require dexterity and innovativeness on the part of the operators. Majority of auto artisans in Nigeria are independently owned and operated businesses, as such there may be some sort of limitations to the degree of their entrepreneurial orientation and by extension their performance. The choice of Lagos state as the study area is founded on the statistics published by Small and Medium Enterprises Development Agency of Nigeria in 2013, that Lagos state has the highest number of SMEs', and its urbanization status has attracted growing number of micro enterprises such as auto-artisans firms (Small and Medium Enterprises Development Agency of Nigeria, 2013). In addition, its cosmopolitan nature makes this study very relevant to her mega city plan.

This study adopts the multistage sampling technique. Firstly, the population was stratified into four: auto mechanics, auto electricians, auto panel beater and auto sprayers. In the second stage, volunteer sampling technique was used to identify those that are willing to participate in the survey. In the third and final stage, each of the auto artisans in the study population was labeled and simple random sampling technique (via lottery approach) was adopted to ensure each auto artisan had an equal chance of being selected. The two variables investigated in this study are: entrepreneurial orientation and business performance. This study used the five dimensions of EO which was developed by Lumpkin and Dess (1996). In measuring business performance, self-reported measures by the owners/managers were used, because it has wider application and validity (Yang, 2008). The justification for using perceived performance measures (such as customer retention, speed of service delivery, quality of design, flexibility strategy, networking practices, growing customer base, corporate reputation and declining customer complaints among others) is due to the commonly held belief that small enterprises may be reluctant in disclosing confidential financial information about their business (Al-Swidi & Al-Hosam, 2012; Messersmith & Wales, 2013).

Questionnaire was used as instrument of data collection and anchored on a five-point Likert scale ranging from “not true at all” to “very much true”. In all, 26 items were adapted to measure entrepreneurial orientation and 8 items to evaluate business performance. To confirm the suitability of the survey instrument (questionnaire), validity assessment was evaluated through face and content validity. Face and content validity was carried out by contacting two university academics with expertise in entrepreneurship and business management to peruse the instrument. Subsequently, pilot study was conducted to determine the internal consistency of the measures. As indicated in Table 1, the pilot study recorded Cronbach Alpha values that exceeded $\alpha=0.7$ for all the constructs, indicating that the scales are reliable and trustworthy for data analysis (Hair, Money, Page, & Samouel, 2007).

Table 1 – Reliability Test

Constructs	No of items	Cronbach's Alpha
Innovativeness	7	.811
Proactiveness	6	.736

Risk-taking	5	.713
Autonomy	4	.722
Competitive aggressiveness	4	.702
Business performance	8	.731

The data collected with the aid of questionnaire were analyzed using descriptive statistics. The data analysis technique consists of frequency distribution and percentages. Pearson correlation, regression analysis and ANOVA were used to test the hypotheses.

4. Results and Discussion

Out of the targeted sample size of 385, a total number of 291 copies of questionnaire were comprehensively filled, returned and usable for data analysis, which represents a return rate of 75.58%. Table 2 shows the number of operators surveyed.

Table 2 – Number and Spread of Surveyed Auto artisan Operators

S/No.	Auto artisans Operators	No of operators surveyed	% of Total Surveyed
1.	Auto mechanics	98	33.68
3.	Auto electricians	73	25.08
4.	Auto panel beater	66	22.68
5.	Auto sprayers	54	18.56
	Total	291	100%

As shown in Table 3, 92(31.6%) of the auto artisan surveyed commenced their businesses between 1-5 years, 135(46.4%) launched operation between 5-10 years and the remaining respondents 64(22%) began operations between 11 years and above. As regards the size of operating capital, 50(17.2%) operate with less than N1,000,000, 98(33.7%) operate their businesses with capital between N1,001, 000-N5,000,000, 69(23.7%) have capital size between N5,001,000-N10,000,000, and the remaining 74(25.4%) firms have capital size between N10,001,000 and above. A large percentage (78.4%) operate as one man business and the remaining respondents 63(21.6%) operate as partnership. Monthly turnover of the firms surveyed revealed that a large majority 112(38.5%) recorded monthly turnover of less than N1,000,000, 89(30.6%) have documented turnover between N1,001,000-N5,000,000, 76(26.1%) raked between N5,001,000-N10,000,000, and the remaining firms 14(4.8%) indicated turnover between N10,001,000 and above. In term of employment size, a large majority 243(83.5%) of the firms have less than 10 employees, some 37(12.7%) have between 11-20 employees and the remaining firms constituting 11(3.8%) surveyed have 21 employees and above. The fact that the large majority have employees less than the required 20 employees as outlined in most definition of small scale enterprises may be connected to the fact that most auto artisan form of employment is done through apprenticeship and the employment condition is subject to training duration that is not permanent.

Table 3 – Profile of Firms Covered in this Study

Profile	Frequency	Percentage (%)
<i>Duration/ Years of Operation</i>		
1 - 5 years	92	31.6
6 - 10 years	135	46.4
11 years and above	64	22
<i>Size of Operating Capital</i>		
Less than N1,000,000	50	17.2
N1,001,000 – N5,000,000	98	33.7
N5,001,000 – N10,000,000	69	23.7
N10,001,000 and above	74	25.4
<i>Form of Ownership</i>		
Solo Operator	228	78.4
Partnership	63	21.6
<i>Number of Employees</i>		
Less than 10 Employees	243	83.5
11 – 20 Employees	37	12.7
21 Employees and above	11	3.8
<i>Monthly Turnover</i>		
Less than N1,000,000	112	38.5
N1,001,000 – N5,000,000	89	30.6
N5,001,000 – N10,000,000	76	26.1
N10,001,000 and above	14	4.8

4.1 Research Hypothesis One

What is the relationship between entrepreneurial orientation (consisting of innovativeness, risk taking, proactiveness, competitive aggressiveness, and autonomy) and business performance of auto artisan firms within Lagos state metropolis in Nigeria?

Table 4 – Means, Standard deviations, and Correlations matrix of Entrepreneurial Orientation and Business Performance

Variables	Mean	SD	1	2	3	4	5	6
Innovativeness	3.53	.759	1					
Risk taking	3.46	.667	.522**	1				
Proactiveness	3.63	.678	.500**	.560**	1			
Competitive aggressiveness	3.11	.929	.300**	.407**	.495**	1		
Autonomy	3.25	.548	.376**	.414**	.557**	.518**	1	
Business performance	3.44	.608	.727**	.778**	.827**	.692**	.661**	1

*p<0.05 Pearson Correlation is significant at 0.01 levels (2-tailed) and N = 291

Table 4, shows the descriptive statistics (mean, and standard deviation) of entrepreneurial orientation and business performance. The mean values for both variables (entrepreneurial orientation/its dimensions and business performance) ranged from 3.11 to 3.63, which is relatively high and standard deviations ranged from .548 to .929. Preliminary analysis was run to ensure that all multivariate assumptions (normality, homoscedasticity, linearity, test for independence of the error terms, and multi-collinearity) were met. As revealed by the results of multivariate assumptions test, all the aforementioned conditions were satisfactorily met. To study the nature and direction of relationship between entrepreneurial orientation and business performance, Pearson correlation analysis was conducted.

As depicted in Table 4, inter-correlations among entrepreneurial orientation and its five dimensions revealed low to moderate positive and statistically significant correlations (the correlation ranged from .300 to .560 and $p < 0.01$). Likewise, there exists a statistically high positive significant correlation among all the entrepreneurial orientation dimensions and business performance. Specifically, Innovativeness and business performance ($r = .727$, $p < 0.01$), risk taking and business performance ($r = .778$, $p < 0.01$), proactiveness and business performance ($r = .827$, $p < 0.01$), competitiveness aggressiveness and business performance ($r = -.692$, $p > 0.01$), and autonomy and business performance ($r = .661$, $p < 0.01$). The patterns of the correlations among entrepreneurial orientation/its dimensions and business performance confirmed the dimensional structure proposed by Lumpkin and Dess (1996) and its associated influence on business performance (Karaoglu et al., 2013). Following the confirmation of association among entrepreneurial dimensions and business performance of auto artisans, multiple regression analysis was run to determine the influence of EO on business performance. The regression model is depicted in Table 5.

As shown in Table 5, the regression Model shows the following statistics $F(1, 289) = 1585.685$, $p = .000$, adjusted $R^2 = .964$ and $R^2 = 96\%$. The ANOVA sub-analysis in Table 5 also shows that the EO dimensions significantly predict the relationship between entrepreneurial orientation and business performance ($F = 1585.685$, $p = .000$). The Coefficient row in Table 5, indicated that all EO dimensions significantly predicted the model- proactiveness ($\beta = .325$, $t = 20.941$, $p = .000$), risk taking ($\beta = .288$, $t = 20.051$, $p = .000$), innovativeness ($\beta = .292$, $t = 21.481$, $p = .000$), competitive aggressiveness ($\beta = .268$, $t = 19.701$, $p = .000$), and autonomy ($\beta = .112$, $t = 7.903$, $p = .000$). The dimension that contributed most to the model is proactiveness ($\beta = .325$, $t = 20.941$, $p = .000$).

The outcome of this study is similar to the research carried out by Kemelgor (2002) who reported a substantial association between EO and business performance among firms in the Netherlands and the U.S. Results of a study conducted by Hermann et al., (2010) reported similar results that demonstrated a positive link between EO and business performance in the Austrian Electrical and Electronics Industry in Europe, but only in situations in which a dynamic environment is combined with high opportunity to financial capital or a relatively stable environment combined with low access to financial capital. Wiklund and Shepherd (2005) corroborates Hermann et al. (2010) findings and asserted that there is lack of comparisons and the difficulty of generalizing the association between EO and business performance in European context. Research conducted by Jocelyn (2018) among 32 women in fishery-related occupation in Sagay City Coastal Areas in Phillipines reported findings that corroborate the outcome of this study. The study reported the need for high level of orientation in terms of innovativeness, pro-activeness and risk-taking in managing small-businesses.

Findings of the study done by Vanessa, Amalia and Flavio (2016) which tested the association between EO and firm performance in small Brazilian enterprises corroborates the findings of this study. Research carried out by Kumarpeli, and Semasinghe (2015) in Sri Lanka reported a finding that is similar to this study. Their study reported that EO has an influence on the growth of SMEs'. Similarly, the results discovered that innovativeness and risk-taking have a positive impact on the growth of SMEs'; on the other hand, pro-activeness has no significant effect on the growth of SMEs. A study done by Kraus et al. (2012) on the influence of EO on the performance of 164 SMEs' in the Netherland during the global economic and financial crisis reported findings that substantiate that all the EO dimensions contribute to business performance. Yu-Ming et al. (2018) using a survey of 324 small and medium-sized enterprises (SMEs) in China, discovered a similar positive association between entrepreneurial orientation and performance of SMEs' in the area of absorptive capability, environmental dynamism, and technological innovation.

Table 5 – Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
	.982	.964	.964	.114	
ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	103.600	1	20.720	1585.685	.000
Residual	3.724	289	.013		
Total	107.324	290			
Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	B		
(Constant)	.258	.047		-5.390	.000
Proactiveness	.292	.014	.325	20.941	.000
Risk taking	.263	.013	.288	20.051	.000
Innovativeness	.234	.011	.292	21.481	.000
Competitive aggressiveness	.157	.008	.268	19.701	.000
Autonomy	.125	.010	.112	7.903	.000

4.2 Research Hypothesis Two

The degree of entrepreneurial orientation will not significantly differ with respect to years of operations of auto artisan firms within Lagos state metropolis in Nigeria.

Table 6 – Descriptive statistics: Entrepreneurial orientation and years of operation

Age groups	N	Mean	Std. Deviation	Std. Error
1 – 5 years	92	3.42	.584	.061
6 – 10 years	135	3.30	.560	.048
11 years and above	64	3.74	.641	.080

Table 7 – ANOVA: Entrepreneurial orientation and years of operation

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	8.361	2	4.180	12.166	.000
Within Groups	98.963	288	.344		
Total	107.324	290			

Source: Field Survey, 2017.

Table 6, shows that the auto artisan operators that have been in business for 11 years and above demonstrate tendency of high degree of entrepreneurial orientation (as revealed by the mean value), follow by those in business within 5-6 years, and lastly, those that have been in business between 6-10 years. To determine whether the variation is significant ANOVA was run. As depicts in Table 7, the degree of entrepreneurial orientation is significantly related to the number of years of firm’s operations $F(2, 288) = 12.166$, p-value was equal to .000, which indicates that $p < .05$. Although the means scores across the years of operations (as shown in

Table 6) varies, the effect size, computed using eta-squared was .078 and considered to have a medium effect (Cohen, 1988, cited in Pallant, 2010). From the above results, hypothesis two which postulates that no significant difference exists between the degree of entrepreneurial orientation and years of operations among auto artisans in Lagos state, Nigeria is not supported by the finding of this study. However, the medium eta squared value of .078, signifies that the results is slightly dependent on sample size effects.

Results of this analysis indicate that over time businesses develop vibrant competences through learning, knowledge building, adaptive capability that enable them to act innovatively to exploit opportunities better than those that are just coming into the market. As expressed by Sambamurthy, Bharadwaj, and Grover (2003), by developing capabilities and skills through knowledge building, businesses craft strategies that help them to cope and manage change. In addition, a firm that has been in business for long may have more competences to innovate which accelerate the flow and transformation of novel knowledge, contribute to the generation of new knowledge and technological advancement that enhances firm's performance (Wiklund, 1999).

5. Conclusion and Implications

This study investigates entrepreneurial orientation and business performance of auto artisans firms within Lagos state metropolis in Nigeria. Findings of the study revealed significant positive relationship among all the dimensions of entrepreneurial orientation. Similarly, all the five dimensions of EO significantly influence business performance of auto artisan operators. In addition, the study documented that the degree of EO is significantly related to the number of years the firm has been in operation. The quest for entrepreneurship in Nigeria across sectors is remarkable; nonetheless, the realization of the full potential of these opportunities has been dampened by a number of factors which is connected to weak capability in developing entrepreneurial orientation. Entrepreneur's capability to tap into sustainable business opportunities is only realistic with high spirit of entrepreneurial orientation which requires constant orientation to develop and transform business idea into profitable venture. As expressed by Lackner 2002 (cited in Hermann et al., 2010), EO does not a constitute a secret defensive tactic under all environmental circumstances, therefore, EO might rather be pursued in fast changing environments that offer innovative opportunities and where the business has adequate financial resources.

The reality of EO in a business setting is the outcome of organizational practices, decision making techniques and styles employed by the firm in the quest to act entrepreneurially (Sascham, Coen, Mathew, & Vincent, 2012). As expressed by Amron, and Mahmud (2015), business performance of small scale businesses can be enhanced if the operators innovate and develop strategic perspectives of managing business. According to Del Baldo and Aureli (2012) and Lukman et al. (2016), for entrepreneurs to gain competitive advantage, issues such as managerial knowledge, social network and institutional support among others should be addressed. Similarly, to enhance the commercial viability and competitiveness of entrepreneurship, there is need for the operators to transit from their traditional approaches to contemporary practices, which require high entrepreneurial orientation (Lukman et al., 2016). Entrepreneurs need to develop the required business orientation in order to cope with the challenges that inhibit business development and sustainable competitive advantage. Entrepreneurs that are risk-tolerant and innovative, jettison the conventional authoritarian and hierarchical configurations predominantly noticeable in most businesses (Kuratko, Ireland, & Hornsby, 2001; Amron, & Mahmud, 2015). In addition, EO is significantly connected to intangible outcomes such as knowledge management, capacity expansion and job satisfaction that are instrumental to improving business performance (Aktan & Bulut, 2008). As expressed

by Walter, Auer and Ritter (2006), EO is considerably desirable particularly in hostile and dynamic business environment, thus, the adoption and application of entrepreneurial orientation represent the much needed requisite trait needed to build successful business enterprises.

This study has contributed to existing studies by empirically demonstrating the link that exists between entrepreneurial orientation and business performance of auto artisans, especially in developing nations, such as Nigeria. Therefore, successive studies can gain insights about how entrepreneurial orientations shape business performance. This study demonstrated the practicability and worth of replication of research study concerning the contradiction between EO and business performance. The findings of this study are expected to inform and guide small scale entrepreneurs in crafting preemptive decisions that are capable of increasing their competitiveness and overall performance. The outcome of this study is also anticipated to instruct a new perspective in public policy intervention to strengthen small scale business growth and sustainability.

5.1. Limitations and Suggestion for Further Studies

This study has some limitations owing to the limited nature of its geographical area, relatively small sample size and conceptual scope. First, it focuses on only auto artisan operators, thus, other businesses in other sectors of the economy are outside the scope of this study. Academics need to conduct research on the actual situation in other key sectors of the economy and in other states of the federation. Thus, it would be meaningful if the sample size and study context are broaden to enlarge the generalization and conclusions drawn from the findings of this study. Second, the study used self-reported data obtained through a cross sectional survey method. Empirical research design using cross-sectional data may result to other causal interpretations; therefore, a longitudinal methodology towards broader understanding of EO and business performance link would contribute to literature. The third limitation of this study is the absence of how personal and socio-demographic factors influence the relation between EO and business performance of auto artisans. Given this recognition, the propositions highlighted in this paper should be examined to see if and how the association between the variables under investigation differ with respect to socio-demographic variables.

5.2 Recommendations

This study offers the following recommendations:

1. Business organizations, particularly small business ventures must develop capability that will foster entrepreneurial orientation particularly the proactiveness dimension (which was found to be the most influential dimension in the context of this study), through formation of professional association, networking, and participation in entrepreneurship training and development. This will provide a basis for building a formidable learning and adaptive organization that will foster understanding and development of absorptive capacity to cope with growing complexity of business environment in Nigeria.
2. To develop the needed entrepreneurial orientation, there is need for small scale business entrepreneurs to capitalize on entrepreneurship training and development programmes outlined by the Federal Government of Nigeria through various agencies such as National Directorate of Employment-NDE, Small and Medium Scale Development Agency of Nigeria-SMEDAN, Bank of Industry-BOI among others to enable them improve their capability and knowledge.
3. In order to promote small scale entrepreneurship in Nigeria, it is vital to develop a culture of entrepreneurial risk taking. This will encourage and promote the degree of

business formation and development. This can be accomplished through entrepreneurship education and campaigns, as well as specific training and development initiatives tailored to forge the drive and tenacity of aspiring entrepreneurs to venture into business.

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