
ENTREPRENEURIAL ORIENTATION AND SUSTAINABLE MARKET EXPANSION OF MSMEs IN NORTHWEST, NIGERIA

ALI AHMADU GAWUNA¹, PROFESSOR CHINEDU ONYEIZUGBE UZOUCHUKWU², DANLADI BALA³ & MOHAMMAD ABUBAKAR⁴

1. Ph.D Student of the Department of Business Administration, Faculty of Management Science, Nnamdi Azikiwe University Awka, Anambra State. kanojosima@gmail.com, GSM: 08068136133
2. Department of Business Administration, Faculty of Management Sciences, Nnamdi Azikiwe University, Awka, Anambra State. GSM: 08034548236
3. NCS Training College Goron Dutse Kano. GSM: 08038317070, danladibala@gmail.com
4. Department of Marketing, Kano State Polytechnic, Kano – Nigeria. GSM: 08069441934, mabubakar@gmail.com

Abstract

The objective of the study is to examine the relationship that exists between Entrepreneurial Proactiveness and sustainable market expansion of MSMEs in North-West Nigeria, a survey research design was used for the study, a total of 6,458 MSMEs were captured in the research, the sample size was determined using Taro Yamane formula (1.967.) Hypothesis was tested. The study concluded that Entrepreneurial Proactiveness is one of the most significant constructs that help MSMEs to achieve Sustainable Market expansion in the North-West Nigeria. The finding of the study shows that significant positive relationship between Entrepreneurial Proactiveness and MSMEs Sustainable Market expansion is apparent. Therefore, the study recommended that MSMEs should be Strongly Proactive and business conscious in order to explore novel business opportunities so as to be ahead of the Competitors, The Managers are advise to proactively work toward addressing market expansion.

Key-words: Entrepreneurial, Proactiveness, Competitiveness, Market expansion, Sustainable market

Introduction

The growing interest in Entrepreneurial research is attributed to firm constant struggle to top the business chat in their respective industry considering the presence of market challenges with the notion that entrepreneurship is used as a strategy to better and enhance the capacity of MSMEs towards achieving sustainable market expansion in competitive arena.

Over the years, attention of academics and researchers in the field of entrepreneurship have been drawn to the link between entrepreneurial orientation and market expansion of the MSMEs. Business owners are considered to have the propensity to be entrepreneurially oriented i.e. to act proactively to achieving market expansion (Deepbabu & Manalel, 2016). The performance of the business based on this assertion indicates that better market expansion can be achieved only if managers and owners effectively utilized entrepreneurial proactiveness against competitors (Ireke and Bagobiri, 2022).

In Nigeria particularly, Northwest States, there has been incredible growth of MSMEs as they are considered to play a vital role in economic development and propensity of the area. The MSMEs sector has been widely recognized as an essential driver of economic growth, employment and social integration in both development and developing economies (Neneh and Zyl, 2017). Entrepreneurial orientation is seen as the ability to distribute proactiveness in business and other aspect of innovations with added value that pave way for MSMEs market expansion ability in a competitive market arena (Utami and Wilopo, 2018). However, one cannot over exaggerate the effect of Entrepreneurial orientation on MSMEs market expansion in terms of profitability because of its significant effect on business growth, development and sustainability (Abdalla and Mohammed, 2020).

Entrepreneurial proactiveness contributes significantly to the sustainable market survival of MSMEs because it makes MSMEs to achieve competitive advantage and remain strongly profitable in relation to their rival firms in an ever-dynamic business environment (Abdalla and Mohammed, 2022).

However, MSMEs suffer from ill market expansion ability which is not sufficiently enough to achieve expansion and development in Northwest Nigeria. These MSMEs are faced with challenges such as low sales and profitable business operation as a result of incapacitation of the management to operate entrepreneurially proactive. So, to work against the challenges, MSMEs operators need to modify their current strategies to adapt to the current market situation to move the business toward achieving sustainable market expansion in Northwest Nigeria.

Therefore, this work intends to measure the relationship between entrepreneurial orientation and sustainable market expansion of MSMEs in Northwest Nigeria. Specifically, it is directed toward examining relationship between Entrepreneurial proactiveness and sustainable market expansion of MSMEs in Northwest.

Problem Statement

It was observed that MSMEs in Northwest Nigeria are characterized with rapid closures, low performance and are not capacitated to achieve rapid market expansion. However, slow growth, premature death and rapid failure are evident. These problems are mostly attributed to inability to inculcate entrepreneurial proactive decision and actions that serve as a mechanism to outperform and outsmart the competitors and respond to the flexibility of the environment via viable, instant and commercially oriented decision capable of making

MSMEs achieve sustainable market expansion. This is in agreement with the assertion of (Ochanya, 2017), which found out that firms that are proactive stand a better chance to be productive and achieve high performance and profitability through sustainable market expansion strategy.

Objective

The objective of the study is to examine the extent of relationship existing between entrepreneurial proactiveness and sustainable market expansion of MSMEs in Northwest, Nigeria.

Research Question

What is the extent of relationship existing between entrepreneurial proactiveness and sustainable market expansion of MSMEs in Northwest Nigeria?

Research Hypothesis

There is no significant relationship between entrepreneurial proactiveness and sustainable market expansion of MSMEs in Northwest Nigeria.

Conceptual Review

Entrepreneurial Proactiveness

Entrepreneurial proactiveness is the ability of the firm to predict where product and services do not exist or have become not valuable to customers and where new procedures of manufacturing are unknown to others become feasible (Areyeun, Adesoga and Olalekan, 2019). The proactive firms focuses on the past, the present and the future with equal zeal, using history to explain and fully understand the present and to challenge and create its own proactive future (Chalchussa and Bertrand, 2017), again Olubiyi, Amas and Ajayi (2019) see entrepreneurial proactiveness as the ability of the firm to predict where products and services no longer bring added value to customers or do exist. Also, the first mover's advantages identified by Alaka and Okogue (2022) concur with an assertion of Abdulla and Mohammed (2020) who opine that proactiveness involves recognizing changes and having the willingness to act on those insights ahead of competitors in an attempt to gain higher profits for the MSMEs, and to ensure sustainable expanded markets for its goods and services.

The characteristics of entrepreneurial proactiveness relates to a determined pursuit of identified market opportunities by an organization, aimed at introducing new product or technology in its industry before others, that is being an industry leader rather than follower is an essential future that characterizes a proactive firm (Areyeun, Adesoga and Olalekan, 2019). Also, proactive firms are most likely to act and respond first to threats coming from its business environment as well as making the first move towards seizing market opportunity(ies). From the above, it is concluded that entrepreneurial proactiveness is an active response, a forward looking perspective and a business strategy capable of giving firms an edge over its competitors (Aroyeun et al, 2019).

Sustainable market expansion is a move toward expanding business and market operation into nearby or distant novel market area. Firms that are proactively viable, use its capacity to search opportunity in a new market environment. This search assists the MSMEs to seize novel and new market opportunity to operate with the aim of achieving sustainability in market operation. Sustainable market expansion for MSMEs serves as a mechanism to ensure business long lasting survival. The sustainability of MSMEs depends largely on its capacity to enter into attractively novel market area and to remain sustainable. Therefore, saturated

business environment demands well articulated move towards occupying spaces in an attractive market environment.

Balla, Fatima and Ibrahim (2017) argue that to ensure survival in the industry, market expansion is a key issue for every profit-oriented firm and maximizing it, is imperative for every firm to have its own strategy that will help to respond to current rapidly changing business environment. A market expansion helps MSMEs to respond to new demand and to be present in a novel environment which would help firms to be strongly competitive, relevant and profitable (Deepa-Babu and Manalel, 2016). Market expansion is characterized with risk taking and move toward achieving sustainable business operation and it ensures achieving competitive advantage in a long run. However, Okangi (2019) opined that sustainable market expansion is a catalyst and bedrock for business sustainability because it offers chance for expanding the life of MSMEs in an ever-dynamic area.

Conceptual Framework

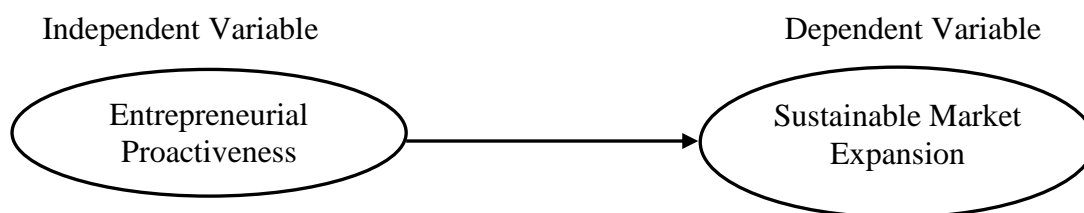


Figure 1: Conceptual Framework showing Relationship between Entrepreneurial Proactiveness and MSMEs Sustainable Market Expansion

Theoretical Framework

This study is anchored on Schumpeter's innovation theory. This theory is focused on the entrepreneur and the creation of firm or business (Schumpeter, 1934). The theory is grounded on three major assumptions: opportunities are subject, opportunities are not recognized, they are created and entrepreneurs bear uncertainty. Opportunities are created via series of decision to exploit a potential opportunity. They are created by economic actors; they do not exist independently. Their existence holds the potentials for profit generation for businesses. The theory assumes uncertainty, not risk.

To believe that opportunity is created by MSMEs entrepreneurs and not exist independent of the actions of managers, firms do not ask customers for guidance on how, what and which product or market to create. Any new market or business concept, product or services to develop will be beyond the experience or potentials of the markets. However, opportunities do not exist independent of the actions of entrepreneurs but are created by the managers/owners or the entrepreneurs. The theory is relevant to the entrepreneurs' proactiveness because it motivates the managers to work diligently toward decision leading to opportunity discovery and utilization towards profitable business and sustainable market expansion.

Empirical Studies

Ali and Nasra (2018) conducted research on entrepreneurial orientation on SMEs performance in Somalia. The study aimed to examine the relationship between entrepreneurial orientation and SMEs performance in Somalia. The main force is the SMEs

growth and profitability that determine the success and continuous operation of the SMEs. Descriptive survey design was employed in which 205 SMEs in Somalia responded to the survey questionnaire. However, descriptive statistical tool, Pearson Product Moment Correlation analysis was employed as well as regression analysis for hypothesis testing. The result indicated that there is significant and positive relationship between predictors and dependent variables. Concluded that entrepreneurial orientation has greater influence and importance in the process of accomplishing the SMEs continuance for long time survival and competitive advantage.

Irikefe and Bagobiri (2022) investigated the effect of entrepreneurial orientation on the performance of SMEs in Abuja, Nigeria. The objective of the study is to specifically assessing the effect of the dimensions of entrepreneurial orientation viz: autonomy, innovativeness, proactiveness and risk taking on the business performance of small and medium scale enterprises in Abuja. Using the Taro Yamane formula, a sample size of 349 was obtained of the questionnaires randomly issued to the small and medium scale firms, 338 were completed and returned representing 996.84% response rate. The questionnaires contained close-ended questions that were rated on a 5-point Likert Scale. The data were then analyzed using descriptive statistics and multiple linear regression. Arising from the result, the regression model was significant at 0.000 with the calculated value greater than the critical value ($16.910 > 2.399$), hence the null hypothesis was rejected. It was concluded that, overall, entrepreneurial orientation has a significant effect on business performance. However, of the dimensions tested, autonomy is insignificant, while innovativeness, proactiveness and risk taking are significant.

Alaka and Okogua (2022) examined the influence of entrepreneurial orientation and management skills on the market performance of small and medium scale enterprises in the state of Lagos, Nigeria. Quantitative survey research design was adopted, and multiple regression method of analysis was employed for the research. The population was 11.663 registered SMEs in Lagos State. Cochran's sample size was used to determine the sample size of 500. From the total of 500 questionnaires distributed, 473 were completed and returned, which corresponded to a response rate of 96.6%. The data collected were analysed using both descriptive and inferential statistics. The results show that entrepreneurial orientation practices have a positive and significant effect on profitability. However, management skills have a positive but non-significant influence on the profitability of the selected SMEs. Nuel Okoli, Nwosu and Okechukwu (2021) examined the effect of entrepreneurial orientation on the performance of selected MSMEs in Southeast, Nigeria. The problems that led to this study include – inadequate access to finance, poor infrastructure, inconsistency with government policy, inadequate sales, too many taxes and obsolete technologies leading to massive failures. It has not been found that epileptic growth of MSMEs in Southeast Nigeria is not only due to the problems but also from the entrepreneurial orientation. The survey research method was employed in this study and the study relied on both secondary and primary data. The population of this study was drawn from MSMEs in the five states in the Southeast, Nigeria. The study was done using 366 MSMEs. Complete enumeration was adopted. Simple regression analysis was used to analysed the hypotheses. The study revealed that there is a significant positive relationship between proactiveness, innovativeness and risk taking on performance of MSMEs in Southeast, Nigeria. The study concluded that entrepreneurial oriented firms tend to lead the industry with innovations, performing things in a better way to satisfy customers and give the firm a better leverage.

Gap in Knowledge

None of the empirically reviewed examined entrepreneurial proactiveness as it related to sustainable market expansion of MSMEs in Northwest, Nigeria. This is the gap in knowledge that this study seeks to fill.

Research Methodology

Research Design

Survey research design was used for the study. It was used because it ensures the non-manipulation of the sample variables of the study. And it is used to describe a given situation and calls for examining relationship between the variables of the study.

Population of Study

Micro, small and medium scale businesses in Northwest Nigeria, that are duly registered with appropriate government establishment and operating within a relatively formal system. The total population stands at 6,458 MSMEs.

Sample Size and Sampling Technique

The sample size was determined using Taro Yamane's formula (1.967). The formula is given below

$$n = \frac{N}{1 + N(e^2)}$$

Where n = Sample size, N = Finite population, e = level of significance, 1 = unity (constant). Given the finite population (N) was 6,458.

Therefore,
$$n = \frac{6,458}{1 + 6,458 (0.0025)}$$

$$n = \frac{6,458}{1 + 16.145}$$

$$n = \frac{6,458}{17.145}$$

$$n = 377$$

However, simple random sampling technique was adopted by the researcher. Based on the foregoing, 377 copies of the questionnaires were randomly administered to respondents i.e. the MSMEs selected to participate in the survey in Northwest Nigeria.

Instrument of Data Collection

Questionnaire was used for this study. A five point Likert Scale Questionnaire was used for the study – Strongly Agreed (SD), Agreed (A), Undecided (U), Strongly Disagreed (SD) and Disagreed (D).

Validity of the Instrument

To ascertain the validity of the research instrument, content and face validity test have been carried out by the researcher.

Reliability of the Instrument

Cronbach Alpha reliability test was used for the study. Hair, Hopkins and Wong (2014, 2013) assertion of a reliability coefficient of (0.70) and above are as an acceptable value was adopted for the study.

Table One: Reliability statistics on entrepreneurial proactiveness

Reliability Statistics

Cronbach's Alpha	No of Items
0.990	5

Source: Field Survey, 2023

Therefore, the reliability statistics for entrepreneurial proactiveness $0.990 > 0.70$. This implies that the instrument is reliable and fit for the study.

Table Two: Reliability Statistics for MSMEs Sustainable Market Expansion.

Scale: Reliability Statistics for MSMEs Market Expansion

Reliability Statistics

Cronbach's Alpha	No of Items
0.890	5

Source: Field Survey, 2023

Therefore, the reliability statistics for MSMEs market expansion $0.890 > 0.70$. This shows that the instrument is reliable.

Method of Data Analysis

Descriptive statistics was used for data interpretation and presentation, while Pearson product moment correlation coefficient was employed to analyze the data. And hypothesis was tested using regression analysis at 5% level of significance.

Data Presentation, Analysis and Interpretation

Data Presentation and Analysis

Table Three: Percentage of questionnaire administered and returned

Analysis of Returned and Unreturned Questionnaire		
	Frequency	Percentage %
Total Sample Size	377	100%
Questionnaire Administered	377	100%
Questionnaire Returned	347	92%
Questionnaire Unreturned	30	8%

Source: Field Survey, 2023

Research Question

Question One

To what level does proactiveness relate to market expansion of MSMEs in Northwest Nigeria?

Distribution of responses on how proactiveness relates to sustainable market expansion of MSMEs in Northwest Nigeria

S/N	QUESTIONNAIRE ITEMS	Mean	SD	Decision
PROACTIVENESS				
1.	Our firm anticipate problems and take preventive measures to address them	3.11	0.0656	Accept
2.	Our firm often lead the competition by initiating actions which our competitors have to respond to	3.77	0.0676	Accept
3.	Our firm actively seek feedback and suggestions from customers on how to improve our product and proactively implement them	3.75	0.0324	Accept
4.	When faced with challenges, our firm comes up with innovative ideas to address them	3.12	0.0456	Accept
5.	Ability of our firm to move ahead of our competitors have resulted to market growth and expansion	3.33	0.0454	Accept
Market				
MARKET EXPANSION				
6.	Increased distribution channels have resulted to wider market coverage	3.14	0.0989	Accept
7.	Effective price strategy adopted by our firm have led to increased market share	3.97	0.0456	Accept
8.	Understanding of the target market have helped our firm to expand to new market	3.60	0.0546	Accept
9.	Addition of more product line is necessary for market expansion	3.88	0.654	Accept
10.	Localization of our firm's outlet to various location has increased our target market	3.07	0.0456	Accept

Source: Field Survey, 2023

The distribution of responses on how proactiveness relates to market expansion of MSMEs in northwest Nigeria. The analysis here is also based on a threshold of acceptance of 3 and above for the individual means results of the respective questionnaire items. From the table, it is seen that all the items are accepted by the respondents by virtue of their mean statistics being above 3. This suggests that entrepreneurial proactiveness relates to sustainable market expansion of MSMEs in Northwest Nigeria.

Hypothesis One

H₁: There is significant relationship between Entrepreneurial Orientation and sustainable market expansion of MSMEs in Northwest Nigeria.

Model summary for Hypothesis One

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976 ^a	.974	.974	1.225

a. Predictors: (Constant) PR

Source: Field Survey, 2023

Where

PR = Proactiveness

Table above indicates the model summary for hypothesis two which states that no significant relationship exists between proactiveness and market expansion of MSMEs in Northwest Nigeria. From the summary, the R is .976 and R² is .974. From this, it shows that a positive relationship exists between the variables and that a 97% change in market expansion is accounted for by changes in proactiveness (R² = .974).

ANOVA output for test of Hypothesis One

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9050.154	1	9050.154	6030.931	.000 ^b
	Residual	445.685	297	1.501		
	Total	9495.839	298			

a. Dependent Variable: ME

b. Predictors: (Constant)

Source: Field Survey, 2023

Where: ME = Market Expansion

Table above reveals the ANOVA output for test of hypothesis One which states that no significant relationship exists between proactiveness and sustainable market expansion of MSMEs in Northwest Nigeria. the significance level used is 0.05, and looking at the p-value of .000, it reveals that p-value is lesser than 0.05, hence, the null hypothesis is rejected in favour of the alternative hypothesis.

Decision: Accept the alternative hypothesis.

Discussion of Findings

Finding obtained from the test of the hypothesis revealed that there is a positive significant relationship between entrepreneurial proactiveness and market expansion of MSMEs. This is in agreement with the study of Olubiyi et al (2019), which found significant positive relationship between proactiveness and market expansion of MSME in Lagos. Also, Anlesinya, Eshun and Bonuedi (2015) found a significant positive relationship between proactiveness, risk taking and market expansion of business firm, which is in agreement with the finding of the study. The finding of the study is in consonance with that of Wambugu, Gichitra and Wanjau (2016) who found that entrepreneurial proactivity has a positive and statistical significant influence on market expansion of MSMEs.

Credence is added to Riga (2016) who found that proactiveness and risk taking both have considerable influence on market expansion and profitability. Saunila (2017) confirmed positive significant relationship between entrepreneurial proactivity constructs of market expansion of MSMEs and thus enhances firm’s profit achievement. The finding is in agreement with Gilbert (2021) who revealed that the growth of MSMEs depend upon the

innovation and expansion of sustainable market expansion in a given market arena. Entrepreneurial proactiveness has significant relationship with firms' sustainable market expansion among the operating MSMEs in a dynamic and flexible business arena.

Conclusion

The study inferred that entrepreneurial proactiveness is one of the most significant constructs that helps MSMEs to achieve sustainable market expansion in Northwest Nigeria. Therefore, the finding shows that significant positive relationship between entrepreneurial proactiveness and MSMEs sustainable market expansion is apparent. And Entrepreneurial proactivity makes MSMEs to achieve sustainable market expansion in Northwest Nigeria. It makes MSMEs to be competitive and viable.

Recommendation

Base on the findings of the study, the following has been recommended for proper MSMEs market sustainability.

- That MSMEs should be strongly proactive and business conscious in order to explore novel business opportunities so as to be ahead of the competitors.
- That managers are advised to proactively work towards addressing market expansion challenges by way of seizing new market, untapped market opportunities and demand so as to meet the challenges of sustainable market expansion.

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