Entrepreneurial Orientation and Unemployment Reduction: Empirical Evidence from Nigeria

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Abstract: Entrepreneurial Orientation is considered one of the consequential means of boosting employment in an economy. Entrepreneurial orientation in Nigeria currently is warranted by the materiality that entrepreneurial orientation is a conspicuous procurator in economic growth and development and also the antidote for unemployment reduction. The broad objective of this study is to analyze the effect of entrepreneurial orientation on unemployment reduction in Nigeria. The survey design was adopted for the study and the questionnaire was used to source for primary data. The stratified random sampling technique was employed to choose 200 entrepreneurs from four recognized Local Government areas in Rivers State. The ordinary least square (OLS) method was used to test the relationship between entrepreneurial orientation and unemployment reduction in Nigeria. The findings of the study reveal that entrepreneurial orientation significantly contribute to unemployment reduction in Nigeria. The study recommends that Nigerian policy makers should pay more attention to entrepreneurial orientation and increase investments in that area to ensure unemployment reduction in the country. The study also recommends that governments should embark upon adequate security, and create enabling environments for entrepreneurial activities to blossom

Keywords: Entrepreneurial orientation, unemployment reduction, Nigeria

INTRODUCTION
Unemployment is a major developmental problem all developing economies of the world are currently grappling with (Patterson et al. (2006) Unemployment is a state of absence of jobs especially when people earnestly search out for jobs before the end of five weeks (International Labour Organization, 1982; Fajana, 2000). An increase in the rate of unemployment in an economy leads to an increase in the poverty level and combined welfare questions (Emeh, I. E., et al., 2012). With the labour force of almost 3 million people annually entering into the labour market, unemployment of persons of 15 years and above was estimated at 3.8% and youth unemployment estimated at 5.0%, as at 2006 (Osibanjo, 2006). Therefore it is quiet certain that a good Entrepreneur can create a robust economy. The entrepreneurial outcomes are the vital or life-giving force, or components of businesses around the world. Firms consequently, endeavor to precisely adapt to these regulations and standards in order to remain conformable, and to increase the efficacy and plausibility of the business. This is apparent from the fact that all activity executed by businesses rotate around learning and gratifying the needs of the customers (Ayyagari et al, 2003; Chen, 2005; Choi & Hwang, 2015). Entrepreneurial orientation as a firm level strategy is adopted by entrepreneurial firms to institute their organizational purpose, nurture
their vision and catalyze competitive advantage (Wiklund & Shepherd, 2005).

Currently, there exist a number of scholarly inquiries on entrepreneurial orientation and unemployment reduction. For example, Hassan (2013) study was on curbing the unemployment problem in Nigeria through entrepreneurial development, Okoye-Nebo (2014) examined youth unemployment and entrepreneurship development: challenges and prospects in Nigeria, Olayinka, Olusegun and Babatunde (2015) assessed entrepreneurship and poverty reduction in Nigeria; and Ojo, Petrescu, Petrescu and Bîlcan (2017) investigated the impact of innovation on entrepreneurial success in Nigeria.

This present study is an addition to the current cream of literature on entrepreneurial orientation and unemployment reduction in Nigeria. Interestingly, a look at the cream of literature, appear to indicate that the abovementioned empirical studies have investigated the economic contributions of entrepreneurial orientation on unemployment reduction. This research interest is therefore informed by recognizing the unique nature of entrepreneurial orientation as engine for economic growth that is associated with positive impacts in terms of generating employment, enhancing growth in GDP and reducing unemployment. Therefore, our study attempts to institutionalize the economic contributions of entrepreneurial orientation (Proactiveness, Innovativeness, Autonomy and Competitive aggressiveness) on unemployment reduction in Nigeria. This is the background that motivated this study.

Statement of the Problem
Nigeria has numerous business and investment potentials due to the bounteous, flourishing and vigorous human and natural resources it owns. Anyadike, Emeh and Ukah (2012) posit that despite these human and natural resources, Nigeria is one of the pauperized countries in the world with one of the highest rates of youth unemployment in Africa, and in spite of its supposed vigorous natural resource endowment. In fact, the degree of unemployment in Nigeria has become prevalent, portrayed by cases of kidnapping and cultism. For instance, there were approximately 12, 770 cases of vandalism, especially of oil pipelines and installations, registered in Nigeria between 2000 and 2007 (Nwankwo & Ezeobi, 2008).

In respect of these regrettable and despicable situations, the government has not done enough to curtail the nightmare and exasperations of the inhabitants of the country. This has inserted surreptitiously a condition of unredeemability on generality of the citizenry who have recourse to any method encompassing grave offense especially against morality to turn out well in life, as a result of being unemployed. This is a perturbing state and this study insinuates that entrepreneurial orientation is paramount in the reduction of unemployment in Nigeria.

Entrepreneurial orientation in Nigeria currently is warranted by the materiality that entrepreneurial orientation is a conspicuous procurator in economic growth and development and also the antidote for unemployment reduction. Thus, with a view to complementing the body of existing knowledge on entrepreneurial orientation and unemployment reduction, the current study seeks to investigate the association between the variables; using Proactiveness, Innovativeness, Autonomy and Competitive aggressiveness on unemployment reduction.

LITERATURE REVIEW AND HYPOTHESIS
Entrepreneurial orientation

- Entrepreneurial orientation is vital or wholesome compeller, of businesses globally. Firms accordingly, make an effort to accurately familiarize themselves to these
convention and standards in order to stay conformable, and to boost the usefulness and plausibility of the business. Naldi, Nordqvist, Sjöberg, and Wiklund (2007) noted that Entrepreneurial orientation (EO) is a substantiated construct that has fascinated earth-shattering research. Jantunen, Puumalainen, Saarenketo, and Kylaheiko (2005:227) declare that entrepreneurial orientation is “opportunity recognition in new markets.” Lumpkin and Dess (1996: 136) posit that an entrepreneurial orientation “refers to the processes, practices, and decision making activities”, which directs the operations to the inherent routine of entrepreneurship, concerning purposes and exploits. Izagah and Ikegwuru (2016:220) perceives entrepreneurial orientation as “the entrepreneurial strategy making processes which key decision makers apply to act out their firms reason to be, sustains its vision, and create competitive advantage(s”. Entrepreneurial orientation (EO) therefore, connotes firms’ decision-making processes and styles of taking actions on entrepreneurial conditioning. Lumpkin and Dess (1996) insinuate that entrepreneurial behavior of firms is underpinned by five processes within an organization, referred to as entrepreneurial orientation. They suggested five dimensions of entrepreneurial orientation namely autonomy, innovativeness, risk taking, proactiveness and competitiveness. These are the major dimensions that characterized entrepreneurial orientation.

**Proactiveness**  
According to Frank, Kessler and Fink (2010), proactiveness is a firm’s strategic orientation that garners peculiar entrepreneurial facets of decision-making styles, methods and practices. Okpara (2009) refers to it as an attempts to be future conscious by hunting new opportunities which may or may not be affiliated to the current line of business which empowers introduction of new products and brands before competition. Venkatraman (1989) and Rauch, Wiklund and Frese (2004) visualize Proactiveness as attempts to ascertain coming opportunities, even when these opportunities may be kind of disconnected to existing operations. For Boohene, Marfo–Yiadom and Yeboah (2012), proactiveness is triumph oriented, accentuating drive taking, expecting, generating change, and presaging progression concerning a judgmental situation and beforehand preparation earlier in time to the circumstance of the to be about to happen misgiving of risk. Kropp, Lindsay and Shoham (2008) see proactiveness as a proxy of entrepreneurial orientation that is a chance-searching and free-expression point of view that has a part in performance in expectation of future demand and directions, and subsequently underwriting on these chances to grow advantage.

**Innovativeness**  
Schumpeter (2002: 299) noted that the “purest type of entrepreneur genus” is “the entrepreneur who confines himself most strictly to the characteristic entrepreneurial function, the carrying out of new combinations”, in a word: innovation. According to Lumpkin and Dess (1996: 142) innovativeness mirrors the aptness for an enterprise “to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes”. Lumpkin and Dess (1996) describe innovation as a consequential means of tracing opportunities and so is a significant constituent of an entrepreneurial orientation.

Lumpkin and Dess (1996: 143) provided a good reason for the use of innovativeness as a
dimension of an entrepreneurial orientation since it “reflects an important means by which firms pursue new opportunities”.

**Autonomy**
Lumpkin and Dess, (1996: 140) refers to autonomy as action “bringing forth an idea or a vision and carrying it through to completion”. Entrepreneurs are associated with more of a degree of freedom in combining and organizing resources. Bird and Jelinek (1988) affirm that autonomy is “a tendency toward independent and autonomous action” is a major element of an entrepreneurial orientation, since transnationality must be exercised.

**Competitive aggressiveness**
Lumpkin and Dess (1996: 148) postulate that competitive aggressiveness “refers to a firm’s propensity to directly and intensely challenge its competitors to achieve entry or improve position”: to achieve competitive edge over other competitors in the industry.

Competitive aggression as a proxy of an entrepreneurial orientation relates to “the type of intensity and head-to-head posturing that new entrants often need to compete with existing rivals” (Lumpkin & Dess, 1996: 139). Covin and Covin (1990) perceived competitive aggressiveness of an enterprise to be imaged in an endeavour to overpower competitors by proactive and innovative measures; by launching initiatives that competitors then respond to; by being the first to introduce new techniques or products; and by demonstrating an enormous competitive posture. Derfus et al. (2008) noted that alternatively, firms that introduces competitive initiatives slower than competitors frequently do not make it in the competition.

Lee and Lim (2009) remarked that for a firm to deliver the goods in its operations, it must be competitively aggressive, so as to outperform. Li, Huang and Tasai (2010) contend that the term competitive aggressiveness demonstrates a battle to beat the competitors. It is characterized by a combative attitude or aggressive response.

**Unemployment**
World Bank (1998) defines the unemployed as figures of the economically functional population who are not having work but accessible for and searching work, embracing people who have misplaced their jobs and those who have willingly left work. The Doreo (2013) reveals that the unemployment rate in Nigeria is currently increasing at the rate of 16 per cent annually with the youth being the most affected and accounting for three times the overall unemployment. The following has been suggested as the measures to curb unemployment in Nigeria: Good and Competent Governance, Aggressive Emphasis on Entrepreneurial Education, More Investment in Youth Intensive Sectors, Diversification of the Economy, Conducive Investment Climate or Enabling Environment Value Re-orientation, Honesty, Dignity of Labour and Hard work (Nwanguma et al., 2012; Adesina, 2013; Salami, 2013).

**Previous empirical studies on entrepreneurial orientation and unemployment reduction**
Ojo, Petrescu, Petrescu and Bilcan(2017) investigated the impact of innovation on the entrepreneurial success in Nigeria. The study sought to test the relationship between innovation, the financial performance of company and firm’s competitive advantage through correlation and regression analysis. Data were analyzed using descriptive and inferential statistics and hypotheses were tested at 0.05 significant levels with the aid of parametric student t-test. The results
revealed that there is a positive relationship between innovation and the financial performance of company.

Olayinka, Olusegun and Babatunde (2015) empirically studied the impact of entrepreneurship training and education on poverty reduction in Nigeria. The researcher adopted a stratified random sampling technique, 500 entrepreneurs and apprenticeships were chosen from six recognized Local Government in Lagos State. The best linear unbiased estimator was used to test the relationship between entrepreneurship training and poverty reduction Nigeria. The result emanated from the findings suggests that there exist a positive and significant relationship between entrepreneurship and poverty reduction and this was confirmed by the value of R2 the coefficient of determination. The study therefore recommends that the government should be wary of encouraging entrepreneurship training in all level of government as well entrenching it primary schools, tertiary institutions and inculcating it in the National University Commission curriculum.

Hassan(2013) examined the curbing of unemployment problem in Nigeria through entrepreneurial development. The study utilized primary data sourced from 220 respondents in Kogi State through administering of questionnaire. The statistical tools adopted to test the responses were the simple percentage and the Chi-square research techniques. The study revealed that the unemployment situation in Nigeria can be solved through entrepreneurial development and that government effort in this regard is not enough in view of the weightiness of the unemployed in Nigeria. Therefore, the study recommended that solving the unemployment problem should not be left in the hands of the government alone rather the public private partnership approach should be adopted to enable private individuals in to establish entrepreneurial development centers as well.

From the review of literature, the paper developed the following conceptual framework.

![Conceptual Framework](image-url)
Figure 1: Proposed Research Framework


This study investigates the relationship between entrepreneurial orientation and unemployment reduction. Based on the research framework in figure 1, the components of entrepreneurial orientation encompasses proactiveness, innovativeness, autonomy and competitive aggressiveness significantly influence unemployment reduction.

Hence, the following hypothesis was tested:

**H1:** The entrepreneurial orientation variables do not exact significant influence on unemployment reduction in Nigeria.

**RESEARCH METHODOLOGY**

The survey design was adopted in the execution of the study. The survey design was chosen because information was collected from a group of people under study. So, the design was specified to use questionnaire to source for primary data. The study adopted a stratified random sampling technique to choose 200 entrepreneurs from four recognized Local Government areas in Rivers State of Nigeria. The ordinary least square (OLS) method was used to test the influence of entrepreneurship orientation variables on unemployment reduction in Nigeria.

**Model specification**

The model is specified as follows:

\[ \text{UEMPR} = f(\text{EO}) \ldots \text{equ (i)} \]

\[ \text{UEMPR} = \beta_0 + \beta_1X1+\mu t \ldots \text{ (ii)} \]

\[ \text{UEMPR} = \beta_0 + \beta_\text{EO} + \mu \ldots \text{equ (iii)} \]

Where:

- **UEMPR** – Unemployment Reduction
- **EO** – Entrepreneurial Orientation

**PRESENTATION AND ANALYSIS OF DATA**

**Regression Analysis**

The regression is between independent and dependent variables: The independent variable is entrepreneurial orientation that encompasses proactiveness, innovativeness, autonomy and competitive aggressiveness, while the dependent variable is unemployment reduction. The test of hypotheses is given below:

Test of Hypothesis

Model 1
Dependent variable: Unemployment Reduction

**Method:** Ordinary Least Square

**Sample:** 200

Table 1: Entrepreneurial Orientation and Unemployment Reduction

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>Std Error</th>
<th>T-Statistic</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSTANT</td>
<td>0.817</td>
<td>0.532</td>
<td>11.531</td>
<td></td>
</tr>
<tr>
<td>LOG (EO)</td>
<td>0.733 0.88</td>
<td>4.746</td>
<td>4.586</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Regression Result (2020)

R2 (Coefficient of determination) = 0.847
R2 (Adjusted coefficient of determination) = 0.846
Durbin Watson = 1.195781
F – Value = 265.771

**DISCUSSIONs OF FINDINGS**

The study examined the impact of entrepreneurial orientation on unemployment reduction in Nigeria. The ordinary least square (OLS) method was used in analyzing data. The findings of the study reveal that: entrepreneurial orientation variables contribute significantly to unemployment reduction in Nigeria. The t-tests showed that: entrepreneurial orientation has a significant impact on unemployment reduction in Nigeria. The f-test showed that entrepreneurial orientation has a significant impact on unemployment reduction in Nigeria at 5% level of significance. The adjusted coefficient of determination (R2) shows that 84.7% variations in unemployment reduction are being accounted for by entrepreneurial orientation. 84.7% shows a good fit for the model. From the regression result, Durbin Watson (WC) value for the model is 1.195781. This value is closer to zero than two and indicates that there is perfect positive autocorrelation in the model.

The variance inflation factors of the variables are less than 10, implying that, there is no multicollinearity in the explanatory variable.

There is no heteroskedasticity in the model. The study therefore establishes that entrepreneurial orientation significantly contributes to unemployment reduction in Nigeria. This finding supports that of Hassan (2013) who revealed that the unemployment situation in Nigeria can be solved through entrepreneurial development and Olayinka et al. (2015) who found that there exist a positive and significant relationship between entrepreneurship and poverty reduction.

Based on the findings, it can be concluded that, entrepreneurial orientation is a major predictor of unemployment reduction in Nigeria. The results are consistent with other studies that establish that entrepreneurial orientation affects unemployment reduction (Hassan, 2013; Olayinka et al.,
The findings extend empirical studies by showing that entrepreneurial orientation has positive effects on unemployment reduction.

CONCLUSION AND RECOMMENDATIONS

This study examined the significant impact of entrepreneurial orientation on unemployment reduction in Nigeria. Appropriate development of entrepreneurial orientation is fundamental to any tectonic unemployment reduction programme that must be anchored by any developing nation. This study through its findings has proved beyond reasonable doubt that entrepreneurial orientation is a veritable catalyst to unemployment reduction, since the entrepreneurial orientation variables under study exact significant influence on unemployment reduction.

The study therefore, recommends that Nigerian policy makers should pay more attention to entrepreneurial orientation and increase investments in that area to ensure its ability to reduce unemployment in the country.

The study also recommends that governments should embark upon adequate security in Nigeria and create enabling environments for entrepreneurial activities to flourish.

CONTRIBUTIONS TO KNOWLEDGE

This study serves as a useful research report in Nigeria on the influence of entrepreneurial orientation and unemployment reduction, and contributes to literature and knowledge globally.

SUGGESTION FOR FURTHER RESEARCH

Further studies in this area should capture the Nigerians’ government investments in entrepreneurial orientation projects in recent times and how it affects unemployment reduction in Nigeria.

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