

## **ENTREPRENUERIAL ORINETATION: PATHWAY TO FOSTERING STRATEGIC AGILITY OF SMALL AND MEDIUM SCALE ENTERPISES IN NIGERIA**

**Ezeah, N.H.**

University of Lagos Business School,  
University of Lagos, Lagos, Nigeria.

Email: [hyginusk@yahoo.com](mailto:hyginusk@yahoo.com)

**Kuye, O.L.**

Department of Business Administration  
Faculty of Management Sciences,  
University of Lagos, Lagos, Nigeria.

Email:

**Aladejobi, O.**

University of Lagos Business School,  
University of Lagos, Lagos, Nigeria.

### **Abstract**

*Small and Medium Scale-SMEs space is continuously undergoing extreme complications arising from multiplicities of factors such as changing government policies, inadequate capital, declining capacity, and managerial know-how to mention a few. Therefore, improve entrepreneurial orientation is a precondition to enhance the capability and skills of entrepreneurs. This paper review entrepreneurial orientation as pathway to foster strategic agility of Small and Medium Scale-SMEs in Nigeria. To achieve the aforementioned objective, this paper review scholarly articles from multiple databases such as Web of Sciences, Science Direct, Scopus, Emerald, and Google Scholar to mention a few. The notion of entrepreneurial orientation has become one of the most well-known concepts in entrepreneurship literature and has been recognized as a form of adaptive behaviour to cope with changing SMEs landscape. The paper noted that both entrepreneurial orientation and strategic agility signaled the basis of organisational resilience to cope with changing business dynamics and volatility. In particular, EO confers strong internal organisational configurations and practices to SMEs, to be more innovative and proactive as a basis of improving strategic agility. The study concluded that by developing the entrepreneurial competences, SMEs will be in a better position to develop capabilities to survive and flourish. Based on the findings, the paper recommends that to enhance strategic agility of SMEs, business managers must continuously improve their entrepreneur through strategic sensitivity, resource fluidity, and leadership unity so as to remain abreast and conversant with changing complications in the SMEs space.*

**Keywords:** Entrepreneurial orientation, Leadership unity, Resource fluidity, Strategic sensitivity, SMEs

### **1.0 Introduction**



The concept of Entrepreneurial Orientation-EO has become one of the most well-known concepts in entrepreneurship literature and research, as a result, academic interest on EO has been extensively documented (Covin & Miller, 2014; Park, 2017; Kljucnikov, Civelek, Cech, & Kloudova, 2019). Research on EO is fast-tracking and enlarging in term of nature and scope, gaining substantial traction in academic outlets and domain-specific journals (Wales et al., 2020). Similarly, the quantity of manuscripts on the theme of EO has surpassed that of articles investigating the broader theme of corporate entrepreneurship (Covin & Lumpkin, 2011). According to Ireland, Covin, and Kuratko (2009), EO is part of corporate entrepreneurship strategy. EO manifest within companies as an organisational state or framework through entrepreneurial procedures and behaviour. In other words, EO has been contemplated as a vital aspect of a distinctive, and recognizable strategy. The strategic element is recognizable and distinguishable because the manifestation of EO suggests that entrepreneurial company behaviour can be sustained over a long period of time. Research enquiry on entrepreneurial orientation and strategic agility is highly desirable as it addresses the relevance and urgency to examine vulnerable circumstances in which Small and Medium Scale-SMEs operate, hence, the need for resilience (Ates & Bititci, 2011). Consequently, entrepreneur that develop strong EO possess behavioural configurations and adaptive behaviour (agility) to sustain improve performance (Covin & Slevin, 1991).

The pace of globalization and changing business landscape among other issues are progressively reshaping SMEs landscape, given birth to an era of intense competition and the need for strategic agility as a form of adaptive behaviour to cope with changing SMEs landscape. The narrative 'strategic agility'- (SA) first appear in scholarly work carried out by Roth in 1996, within the context of the manufacturing industry (Roth, 1996). According to the author, strategic agility describes the capability to manufacture the right products (goods or service) tailor to the right buyers and using appropriate marketing mix elements consisting of price, place and promotion. The notion 'strategic agility' highlights the need for business organisations to develop competences require to deal and cope with unexpected changes in the business environment (Doz & Kosonen, 2010). Strategic agility describes the level of company's competence to promptly adapt to uncertainties in the business environment (Lumpkin & Dess, 1996). A strategically agile firm equally exhibits goal-seeking behaviour to realign the potential for agility to accomplish predetermined objectives. Thus, strategic agility necessitates posture that look both inside and outside of a firm for deeper understanding of the prevailing business environment. On the basis of the aforementioned research background, this paper review entrepreneurial orientation as a pathway to foster strategic agility of Small and Medium Scale Enterprises in Nigeria.

## **2.0 Literature Review**

### **Conceptual review**

#### **Definition and Meaning of Entrepreneurial Orientation**

According to Lumpkin and Dess (1996), entrepreneurial orientation, denoted as EO refers to procedure, decision making activities and business practices that propel innovative business conducts. Deborah, Kingsley, and Samuel (2023) defined strategic agility as a concept that is connected to business initiatives that enable businesses to implement strategies to cope with

business uncertainties. The notion of entrepreneurial orientation comprises decision-making procedures and activities aiming towards introducing innovative goods-services and remodel organisational philosophies and behaviours focusing on entrepreneurship (Wales, Covin, & Monsen, 2020). The five commonly discuss dimensions of strategic agility are:

#### ***Innovativeness***

Innovativeness is one of the major features of entrepreneurial behaviour and considered as the single most significant and foremost factor in increasing and sustaining corporate competitiveness (Ejdys, 2016). Innovativeness relate to the capability of an individual demonstrating innovative behaviour, through the recognition of difficulties and comprehension of innovative ideas to propel improve corporate performance (Kanter, 1988).

#### ***Risk Taking***

Lumpkin and Dess (2001) viewed risk-taking as the propensity to engage courageously rather than cautiously to exploit business oppourtunities. Some strand of research conceptualised risk-taking as an individual trait displayed by business managers to regulate and control business decisions (Hiller & Hambrick, 2005). According to Dess and Lumpkin (2005), there are three forms of risk-taking behaviours, namely: i) the risk to take courageous actions in expanding into volatile markets and adopting innovative technologies; ii) the risk of committing huge amount of money towards profitable projects; iii) the risk related to poor management repete, which arises from unproductive projects.

#### ***Proactiveness***

A proactive approach is vital in entrepreneurial orientation because a proactive outlook play a major role in sighting the viewpoint of circumstances in the future. Entrepreneurial proactivity is contemplated as effort to anticipate future market inclinations and desires (Covin & Lumkin, 2011). Pro-activeness can also be defined as the tendency of corporate organisations to adopt positive marketing strategies and proactive tactics, anticipate future response, and enthusiasm to cope with changes to identify opportunities in the business environment.

#### ***Competitive aggressiveness***

Competitive aggressiveness refers to the level of company's efforts and adaptive behaviour to outperform industry competitors by effectively exploiting opportunity. Competitive aggressiveness highlight strong aggressive posture, which is tailored towards maneuvering rivals (Lumpkin & Dess, 2001). Venkatraman (1989) stated that competitive aggressiveness is achieved by setting determined and purposive objectives and taking bold approaches towards accomplishing them. Competitive aggressiveness signifies firm's level of responsiveness to its competitors (Runyan, Huddleston, & Swinney, 2006). According to Lumpkin and Dess (1996), competitive aggressiveness denotes tendency to challenge rivals.

#### ***Autonomy***

Autonomy describes entrepreneurial self-governing tendency, undertakings and self-direction to exploit opportunity in an innovative ways (Lumpkin & Dess, 1996). Autonomy denotes the self-governing spirit of an entrepreneur (Lumbkin & Dess, 1996) comprising independency of idea and self-governing decision making propensity (Callaghan & Venter, 2011). Autonomy as a dimension of entrepreneurial orientation is describes inclination to purse superior position to exploit business opportunities (Lumpkin & Dess, (1996).



## **Strategic agility and Dimensions**

The term agility has gained vast research admiration in the academic domain in response to the growing uncertainty and speedy changes prompted by changing and complicated business environment. Nazir and Pinsonneault (2012) viewed strategic agility as the capability of a firm to sense and react to internal and external complications. Agarwal and Helfat (2009) maintained that strategic agility entails competence to develop and execute uninterrupted strategic renewal and resources configuration to cope with changing business environment. Walter (2020) viewed strategic agility as the abilities and skills that enable firms to effectively exploit opportunities and cope with complications emerging from both internal and external business environment. According to Wajeeh (2021), strategic agility is connected to competences associated with how firms build and deploy resources and capabilities to cope with environmental complications. Goldman and Preiss (1995) defined strategic agility as firm's competence to respond to emerging business complications and uncertainties. Similar to other management concepts, strategic agility has been contemplated as consisting of several dimensions. Doz and Kosonen (2010) stated that strategic agility consist of strategic sensitivity, resource fluidity, and leadership unity. According to Fourné, Jansen, and Mom (2014), strategic agility is a meta-capability comprising: (i) identifying prevalent opportunities; (ii) selecting required complementarities and, (iii) delivering critical value. Long (2000) alluded that strategic agility involved seven dimensions, namely: customer knowledge, competence knowledge, clarity of vision, collective leadership, competitor insight, strategic target selection, and action. The three dimensions of strategic agility mostly highlighted in most contemporary literature are discuss in the next sub section.

### **Strategic sensitivity**

Strategic sensitivity relates to the company's capabilities to develop superior competences, understands the veracity of market circumstances, and shared commitment. Strategic sensitivity refers to the competence of a firm to track opportunities and threats in the business environment (Doz & Kosonen, 2008). Strategic sensitivity constituent encompasses alertness and discovery procedure (Doz & Kosonen, 2010), which is based on the perceptual and strong cognitive capabilities of the management to engage in proactive sense making (Helfat & Martin, 2015). Strategic sensitivity is viewed as a company's competence to comprehend environmental changes and spot future threats and opportunities (Doz & Kosonen, 2010).

### **Resource fluidity**

Resource fluidity refers to the degree of competence to mobilize resources from existing undertakings and redeploy them speedily toward new growth opportunities (Doz & Kosonen, 2010). Resource fluidity also denotes the competency to realign and restructure the resources, knowledge and competencies that propel innovative approach to create value (Doz & Kosonen, 2010). Resource fluidity is connected to company competences to restructure and obtain a set of innovative resources and abilities that assist businesses to add value consistently (Arokodare & Akinshiku, 2020). According to Doz and Kosonen, (2010), resource fluidity influence structural capabilities of a firm to exploit opportunities.

### **Leadership unity**

Leadership unity is the third element of strategic agility and it describes the abilities and capabilities of business executive to offer the required direction and orientation (Doz, & Kosonen,

2010). Leadership unity describes the administrative response and structure of the firm towards its internal and external business environment (Doz & Kosone, 2010). It also indicates leaders' sustenance in the area of policies direction, support, and overall commitment to preplanned goals (Doz & Kosonen, 2008). To enhance strategic agility of a firm, top business executives need to shun old conventions and learn new capability, business practices and behaviors to develop an adaptive organisations so as to lessen impediments to improve corporate performance and sustainability (Doz & Kosonen, 2010).

### **Theoretical framework**

This study is underpinned by dynamic capability theory

#### ***Dynamic Capability Theory***

Dynamic capability theory underpinned this study. The dynamic capabilities theory was proposed by Teece, Pisano and Shuen (1997) and it elucidates corporate capability and skills to effectively manage rapidly changing internal and external business environments as a basis developing a string posture and adaptive behaviour. The dynamic capability theory is advocated accommodate the hindrance and condemnation raised concerning the static view of resource-based theory. Dynamic capability theory highlight capability and competence to realign resources as a basis of competitive advantage (Teece, 2007). Similarly, dynamic capability theory defines the capability of a firm to purposefully adapt to the changing and volatile business environment. According to Teece (2007), dynamic capabilities scrutinizes how businesses address or bring about desired changes to cope with turbulent business environment through the development of competencies and skills. Teece et al. (1997) stated that capabilities or competencies represent the activities that enable corporate organisations excels and upsurge its performance.

### **3.0 Methods**

This is a conceptual paper and rely largely on literature review focusing on entrepreneurial orientation, strategic agility and SMEs sourced from multiple databases such as Web of Sciences, Science Direct, Scopus, Emerald, and Google Scholar among others to make the review more comprehensive. Adopting this approach is of immense benefits, because much of the relevant background work required as previously been done (Harris, 2001).

### **4.0 Conclusion**

This paper review entrepreneurial orientation as a pathway to foster strategic agility of Small and Medium Scale Enterprises in Nigeria. EO confers strong internal organizational configurations and practices, especially to SMEs, to be more innovative and proactive as a basis of improving strategic agility. Strategic agility is needed to offer business executives the competence to develop and execute decision actions, particularly in the face of complications and uncertainty. In particular, the volatile nature of contemporary SMEs space makes business circumstances highly unstable (Adebisi, & Bakare, 2019; Muhammedamin, Geoffrey, Gerben, & Omta, 2021). Consequently, only business owners with strong entrepreneurial orientation and strategic agility can understand and respond effectively to changes quicker than rivals. This allows them to sustain growth and profitability performance for the business. Agile business owners anticipate and deal effectively with instability, ambiguity, difficulty, and uncertainty. Agile businesses also rapidly pivot in reaction to shifts, enabling them to stay ahead of rivals. The



outcome of both entrepreneurial orientation and corporate agility is a corporate culture characterized by high level of adaptability and flexibility.

EO at the corporate level is viewed as the strategy-making procedures that offer business organisations with a foundational basis for effective entrepreneurial decisions and engagements (Rauch, Wiklund, Lumpkin, & Frese, 2009). However, for an entrepreneurial orientation to impact company-wide behaviour and be adopted as a corporate mindset, it is essential for workforces across the company to participate in entrepreneurial undertakings, popularly label as EO. In an uncertain business environment, SMEs need adaptive business model to survive. As such SMEs firms need to adopt stronger competitive posture in the face of prevailing competitive warfare to improve their performance. Thus, by developing the vital competences, SMEs will be in a better position to develop capabilities to survive and flourish (Machmud & Ahman, 2019). EO behavioural configuration pervades a firm at all levels (Covin & Slevin, 1991). But, the demonstration of these EO principles and practices is not likely to be similar throughout the entirety of the company as certain core corporate areas and roles will drive benefit from a more conservative angle (Wales, Mosen, & McKelvie, 2011).

The SMEs space is continuously undergoing extreme complications arising from multiplicities of factors such as changing government policies, inadequate capital, capacity development, and managerial know-how to mention a few. Therefore, improve entrepreneurial orientation is a prerequisite to enhance the capability and skills of entrepreneurs. According to Rauch et al. (2009), EO offer the resource-based requirements, and serve as the building blocks for sustaining improve business performance and competitive advantage. Entrepreneurial orientation (EO), which represents the characteristics of firm's proactiveness, innovativeness, risk-taking, autonomous, and competitive aggressiveness has been one of the core issues of business research (Eshima & Anderson, 2017). There are ample evidence that having an entrepreneurial orientation is indispensable for business success, improve performance and sustainability (Iqbal, Moleiro, Nuno, Naz, Akhtar, & Abreu, 2021). An agile organization is one that is "fit" for the environments where it operate. Organisational agility is particularly relevant in today's fast-changing business world, because working on agility enhances response time — and vice versa. More important, corporate agility create teams that work cross-functionally, foster improve communication and effectiveness across the departments. This leads to improve results, satisfied workforces and more satisfied clients.

## **5.0 Implications and Policy Recommendations**

Arising from the difficulty in managing changes using the old-style and approaches, corporate organisations must develop skills and capabilities to cope with the growing complications in the business environment. Entrepreneurial orientation is one such capabilities that SMEs business managers must develop to effectively manage internal and external business environment as a basis of developing strong agility to develop adaptive behaviour. Ultimately, agility is the capability to change and adapt in reaction to changes in the business environment. The faster and more controlled SMEs business owners are in term of entrepreneurial orientation when the need arises, the better the level of their agility. Thus, accomplishing organisational agility is vital because such a posture will lessen the resources and time required to market business products (goods/services) while also confronting difficulty and fostering innovation. Consequently, for

business organisations to develop EO, it must combine its persistent entrepreneurial behaviour with a satisfactory managerial outlook toward engaging in strong entrepreneurial undertakings and activities over time (Covin & Lumpkin, 2011). Based on the findings, the following are recommended:

- i. To enhance strategic agility of SMEs, business managers must continuously improve their entrepreneur through strategic sensitivity, resource fluidity, and leadership unity so as to remain abreast and conversant with changing complications in the SMEs space.
- ii. To improve the entrepreneurial orientation of SMEs, there is need for urgent institutional reform and capacity development of the entrepreneurs to enhance their knowledge and skills.

## References

- Arokodare M., & Asikhia, O. (2020). Strategic agility: Achieving superior organizational performance through strategic foresight. *Global Journal of Management and Business Research: Administration and Management*, 2020.
- Adebisi, S.A., & Bakare, N.A. (2019). Survival strategies and sustainability of Small and Medium Enterprises in a volatile environment. *Management Dynamics in the Knowledge Economy*, 7 (4), 553-569
- Ates, A., & Bititci, U. (2011). Change process: A key enabler for building resilient SMEs. *International Journal of Production Research*, 49(18), 5601–5618
- Agarwal, R., & Helfat, C.E. (2009). Strategic renewal of organisations. *Organisation Science*, 20(2), 281–293
- Covin, J.G., & Slevin, D.P. (1991) A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship: Theory & Practice*, 16(1), 7–25.
- Covin, J.G., & Lumpkin, G.T. (2011) Entrepreneurial orientation theory and research: Reflections on a needed construct. *Entrepreneurship: Theory & Practice*, 35(5), 855–872.
- Covin, J.G. & Miller, D. (2014) International entrepreneurial orientation: Conceptual considerations, research themes, measurement issues, and future research directions. *Entrepreneurship: Theory & Practice*, 38(1), 11–44.
- Callaghan, C., & Venter, R. (2011). An investigation of the entrepreneurial orientation, context and entrepreneurial performance of inner-city Johannesburg street traders. *Southern African Business Review*, 15(1), 28-48.
- Dess, G.G., & Lumpkin, G.T. (2005). The role of entrepreneurial orientation in stimulating effective corporate entrepreneurship. *Academy of Management Perspectives*, 19(1), 147-156.
- Doz, Y., & Kosonen, M. (2008). The dynamics of strategic agility: Nokia's rollercoaster experience. *California Management Review*, 50(3), 95-118
- Doz, Y.L., & Kosonen, M. (2010). Embedding strategic agility: a leadership agenda for accelerating business model renewal. *Long Range Planning*, 43, 370–382.
- Deborah, N.B., Kingsley, L.U., & Samuel, O. (2023). Strategic agility and organizational performance in selected manufacturing firms in South-South Nigeria. *International Journal of Business and Management Review*, 11(11), 72-95
- Ejdys, J. (2016). Entrepreneurial orientation, innovativeness of small and medium-sized enterprises. *Journal of Engineering, Project, and Production Management*, 6(1), 13-24.



- Eshima, Y., & Anderson, B.S. (2017). Firm growth, adaptive capability, and entrepreneurial Orientation. *Strategic Management Journal*, 38(3), 770-779.
- Fourne, S.P.L., Jansen, J.J.P., & Mom, T.J.M. (2014). Strategic agility in MNEs: Managing tensions to capture opportunities across emerging and established markets. *California Management Review*, 56(3), 13–38.
- Goldman, S.L. & Preiss, K. (1995). *Agile competitors and virtual organizations: Strategies for enriching the customer*. New York: Van Nostrand Reinhold
- Harris, H. (2001). Content analysis of secondary data: A study of courage in managerial decision making. *Journal of Business Ethics*, 34(3/4), 191-208
- Hiller, N. J., & Hambrick, D. C. (2005). Conceptualizing executive hubris: the role of (hyper-) core self-evaluations in strategic decision-making. *Strategic Management Journal*, 26(4), 297-319.
- Iqbal, S., Moleiro, M.J., Nuno, M., Naz, S., Akhtar, S., & Abreu, A. (2021). Linking entrepreneurial orientation with innovation performance in SMEs: The role of organizational commitment and transformational leadership using Smart PLS-SEM. *Sustainability*, 13, 43- 61.
- Ireland, R.D., Covin, J.G., & Kuratko, D.F. (2009) Conceptualizing corporate entrepreneurship strategy. *Entrepreneurship: Theory & Practice*, 33(1), 19–46.
- Ključnikov, A., Civelek, M., Cech, P., & Kloudova, J. (2019). Entrepreneurial orientation of SMEs? executives in the comparative perspective for Czechia and Turkey. *Oeconomia Copernicana*, 10(4), 773–795.
- Kanter, R.M. (1988). When a thousand flowers bloom: Structural, collective and social conditions for innovation in organizations. *Research in Organisational Behaviour*, 10, 169–211.
- Lumpkin, G.T., & Dess, G.G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135–172.
- Lumpkin, G.T., & Dess, G.G. (2001). Linking two dimensions of entrepreneurial orientation to firm performance: the moderating role of environment and industry life cycle. *Journal of Business Venture*, 16, 429–451.
- Long, C. (2000). You don't have a strategic plan: Good. *Consulting to Management*, 11(1), 35-42.
- Muhammedamin, H.S., Geoffrey, H., Gerben, V., & Omta, S. W. F. (2021). Conceptualization of SMEs' business resilience: A systematic literature review. *Cogent Business & Management*, (2021), 1-33.
- Machmud, A., & Ahman, E. (2019). Effect of entrepreneur psychological capital and human resources on the performance of the catering industry in Indonesia. *Journal of Entrepreneurship Education*, 22(1), 1-7.
- Nazir, S., & Pinsonneault, A. (2012). IT and firm agility: An electronic integration perspective. *Journal of the Association for Information Systems*, 13(3), 2.
- Park, C. (2017). A study on effect of entrepreneurship on entrepreneurial intention: focusing on ICT majors. *Asia Pacific Journal of Innovation and Entrepreneurship*, 11(2), 159-170.
- Rauch, A., Wiklund, J., Lumpkin, G.T., & Frese, M. (2009). Entrepreneurial orientation and business performance: an assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice*, 33(3), 761-787.



- Runyan, R.C., Huddleston, P., & Swinney, J. (2006). Entrepreneurial orientation and social capital as small firm strategies: A study of gender differences from a resource-based view. *The International Entrepreneurship and Management Journal*, 2, 455-477.
- Roth, A.V. (1996). Achieving strategic agility through economies of knowledge. *Strategy & Leadership*, 24(2), 30-36.
- Teece, D.J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533.
- Teece, D.J. (2007). Explicating Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance. *Strategic Management Journal*, 28(13), 1319-1350.
- Venkatraman, N. (1989). Strategic orientation of business enterprises: The construct, dimensionality, and measurement. *Management Science*, 35(1), 942-62.
- Wales, W.J., Monsen, E., & McKelvie, A. (2011) The organizational pervasiveness of entrepreneurial orientation. *Entrepreneurship Theory and Practice*, 35(5), 895–923.
- Walter, A.T. (2020). Organizational agility: Defined and somewhat confusing? A systematic literature review and conceptualization. *Management Review Quarterly*. <https://doi.org/10.1007/s11301-020-001866>
- Wajeel, E. (2021). The importance of strategic agility to business survival during Corona crisis and beyond. *International Journal of Business Ethics and Governance*, 4(2), 1-8
- Wales, W.J., Covin, J.G., & Monsen, E. (2020). Entrepreneurial orientation: The necessity of a multi-level conceptualization. *Strategic Entrepreneurship Journal*, 2(3), 1.