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## Administration and Management



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Discovering Thoughts, Inventing Future

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# Time for Revitalisation of Value Chain Management: A Reassessment of Porter's View on Procurement

By Mark Dale

**Abstract- Purpose:** In the light of recent disruptive events, global supply chains have displayed their vulnerability, which has stressed the importance of procurement in modern practice. This study aims to analyse if the procurement function can be reconsidered as a primary activity in Porter's (1985) value chain.

**Design/methodology/approach:** The study utilises secondary data analysis. Data were collected on the basis of searches with nine keywords, which led to a discovery of 63 sources.

**Findings:** The study has found that the procurement function cannot be regarded as a primary activity. However, it is identified that the unification of fragments of the two activities, inbound logistics and procurement, creates the foundation for a new activity, which mitigates exposure to volatility. Consequently, the findings urge to incorporate procurement logistics into the value chain as a re-modified primary activity.

**Keywords:** value chain, competitive advantage, inbound logistics, procurement, buyer value, agility, covid-19, suez canal blockage, procurement logistics.

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**Practical implications:** This study can be used to re-evaluate up stream activities' vulnerability to uncertainty. In addition, it provides a contemporary understanding of the necessity to integrate resilience into procurement execution to carry out transparency and communication throughout the value system.

**Originality:** The study makes a twofold contribution to value chain management, firstly by developing a contemporary view of how upstream activities can make allowance for volatility and, secondly, by encouraging future studies to continue reassessing activities; thus, taking into consideration developments in the business environment, to assure that the value chain is up to date.

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## I. INTRODUCTION

Since the release of *Competitive Advantage: Creating and Sustaining Superior Performance* in 1985, Porter's strategic management framework, the value chain, has become a worldwide recognised management tool. Essentially, the framework aims to work as a guidance to identify and understand an organisation's ability to create value and competitiveness (Aktouf, et al., 2005). Furthermore, as the framework is a natural part of universities' curricula in various undergraduate and postgraduate programmes (Johnson, et al., 2013), it follows that an

encounter with Porter's (1985) value chain is a given for a student also in the current 21st century. However, beneath the surface of academic acceptance, scholars have started to publish papers with the purpose of reassessing as to whether historical management frameworks, such as the value chain, still can be applied in the business environment of today (Abdelhadi, 2017).

An example of such a paper is Abdelhadi (2017). Abdelhadi (2017) initiated an academic discussion about procurement's function in the value chain, where it was discussed if procurement could be regarded as a primary activity. The incentive to commence the research was the changing business practices in modern time, which, according to Abdelhadi (2017, p. 30), could be explained by: "... the shifts in the commercial and economic practices around the world, particularly the phenomenon of globalisation and its relative impact". Abdelhadi (2017) concludes that the activity of procurement cannot be regarded as a primary activity in the value chain. Building on Abdelhadi's (2017) conclusions, this paper still aims to continue his work to understand if the conclusion is still valid when one takes the last years' disruptive events into consideration. Reflectively, the author believes that Abdelhadi's original thought of challenging Porter's (1985) value chain is relevant and pertinent to bridge the gap between contemporary business practices and academia; especially, with regard to the recent market disturbances, such as last years' global occurrences of supply chain disruption, COVID-19, and the Suez Canal blockage. The author aims to shed light on the procurement function's importance and its practices to understand if it can be reconsidered as a primary activity in the value creation of a product. This is investigated with a starting point in the following research question:

In regard to the last years' occurrences of supply chain disruption, is it possible to reconsider the procurement function as a primary activity in Porter's (1985) value chain?

With reference to the rising attention to managing competitive supply chains and value chains, it is important to stress that the two terms will be considered interrelated rather than interchangeable. Thus, in order to avoid an ambiguous conceptualisation of one another, the value chain of a company will be

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understood as a chain of value-added activities within an organisation, where value is continuously added to the product (Porter, 1985). However, holistically, a value chain of a company also plays a significant role in a larger stream of activities of multiple value chains, which is known as the value system. Essentially, by providing the inputs necessary to produce and deliver the product to the final customer, the value system consists of the value chains of the suppliers as well as the customers (Bozarth & Handfield, 2015). For this reason, the value chain becomes interrelated to the supply chain, as a supply chain is characterised as a network of organisations that are involved to realise a product, which in this paper will be recognised as interchangeable with a value system (Mentzer, et al., 2001).

## II. UNFORESEEN EVENTS: MITIGATION OF SUPPLY CHAIN DISRUPTION

Throughout the last three years, value chains have been immensely affected worldwide by the occurrences of, for example, COVID-19 and the Suez Canal blockage. The events have entailed broken supply chains in various industries, which have further led to a realisation of one's vulnerability when it comes to responding to buyer demand in uncertain times (Thalbauer, 2020; Elenjickal, 2021). Therefore, this section will explore what organisations have learnt from these unforeseen events, and further investigate how the occurrences have left a footprint in the organisations' ways of mitigating risk in global supply chains moving forward.

### a) COVID-19

Across the last years, the pandemic, known as COVID-19, has instigated a chaotic presence for organisations worldwide, as the phenomenon has caused an awareness of how exposed global corporations' supply chains have been to uncertainty (Ivanov & Dolgui, 2020). According to Thalbauer (2020), the result of the chaotic presence is that: "[supply chains] are broken and [organisations] need to evolve to a new normal". Essentially, the offering of logistics services for one's products, such as same-day-delivery, has become more challenging because of the lack of visibility, collaboration, and coordination with one's supply chain partners. As stated by Swanson and Yoshinori (2020), the supply chain has been impacted tremendously by the pandemic, logistically influencing corporations' transportations capacity, supply channels, inventories, and responsiveness. Overall, COVID-19 has had a vast impact on nearly every industry. As a result, the prediction is that it will affect the supply capabilities and value generation of a product for years to come (Lawrence, 2020; Shih, 2020). Henceforward, it can be argued that succeeding supply chains will be the ones

that acknowledge and enable uncertainty to appear in the organisational journey as a part of the 'new normal'.

Moreover, as the pandemic is expected to affect supply chains moving forward, global organisations should interpret this current period of time as a call for action. This implies ensuring that the supply chain's value generation is robust to mitigate its exposure to unforeseen risk (Shih, 2020). Such risk could entail a threat to stakeholders' value interest in the individual organisation and further negatively impact the corporations' outwardly reliability, thus, harming one's competitive standing (Mentzer, et al., 2007). Therefore, there is a rising competitive need to enhance one's resilience to cope with supply chain volatility (Elenjickal, 2021). It has been found that one approach to initially enhance an organisation's level of resilience could be through a more transparent elegance of communication, both in internal and external processes (Lee, et al., 1997; Schvaneveldt & Neve, 2021).

### b) Suez Canal Blockage

In the midst of COVID-19, another unprecedented event blocked and disrupted the world's supply chains, when a large Ever Green containership was stuck for six days in the Suez Canal during March 2021 (Elenjickal, 2021). The blockage resonated with ripple effects, which entailed a delay in manufacturing processes across industries (Brooks, et al., 2021). Similarly with the pandemic, the Suez Canal blockage has been regarded as a call for action, which is why organisations ought to scrutinise how they could optimise supply chain flows in order to mitigate exposure to supply instability (Xie & Chiu, 2021). As argued by Chopra and Sodhi (2004), since supply chain risks have a linkage to unpredicted events that disrupt the chain by delaying the information flow, corporations are urged to implement an extent of preparedness and agility with a resilience strategy. Consequently, one could therefore also say that organisations' current state of unpreparedness is a consequence of the last decades' desire of becoming lean through elimination of non-value adding processes, which potentially have mitigated room for resilience plans if unprecedented circumstances would occur (Modig & Åhlström, 2018).

Ultimately, the unforeseen events have left a noticeable footprint upon how organisations and their collaborating supply chain partners ought to cope with uncertainty moving forward. At the same time, the two described disturbances have entailed a long list of lessons learned for corporations to become more resilient. According to Elenjickal (2021): "uncertainties happen. And they seem to be happening with greater frequency". In other words, one of the greatest learning outcomes has unarguably been that, from now on, supply chain volatility will be an essential practice to manage, as one cannot prevent disruptions from occurring.



Nonetheless, in order to understand how value activities can support organisations mitigating their exposure to such uncertainties, it is assessed pivotal to initially comprehend the elements of Porter's (1985) value chain. By utilising the value chain as a starting point, the aim is to unravel the central concepts of value chain management by Porter with the intention of exploring whether its elements, herein procurement, have adapted to a changing business environment.

### III. RESEARCH DESIGN

As explained in the introduction, the purpose of this paper is to assess as whether it is feasible to reconsider the procurement function as a primary activity in Porter's (1985) value chain, with a view to the last year's occurrences of supply chain disruption. The next section describes the research design to this purpose.

The author's methodological research design can be defined as a secondary qualitative data analysis (Bryman & Bell, 2015), where knowledge about the present consequences of disruptive supply chains and the evolutionary view upon procurement have been gathered through secondary data. On this basis, the author has assembled information through usage of previously published and analysed data. In sum, the insights from academia are assessed as a fundamental pillar of this paper, to the purpose of evaluating the importance of procurement in the current 21st century. On one hand, it has been argued that the disadvantage of such data is that they are intended for other purposes. However, on the other hand, it can also be argued that such data are a useful resource because they provide the researcher with additional time to reflect on the data's suitability to the research question (Saunders, et al., 2019).

In the commencing process of data collection, the author utilised EBSCOhost's research database, the Royal Danish Library, and additional online sources to access journals, where the following keywords were used: value chain, competitive advantage, procurement, COVID-19, and Suez Canal blockage. A central output of the search was Abdelhadi's (2017) research paper, which, on a par with the problem statement of this paper, questions procurement's function in the value chain. However, it becomes apparent how the paper of Abdelhadi (2017) does not take the notion of supply chain disruption or responsiveness into consideration. Additionally, it is assessed a more thorough explanation is needed to understand Abdelhadi's (2017) conclusion of not considering the procurement function as a primary activity. Subsequently, the insightful research results gave incentives to add additional relevant keywords to the author's process of gathering data. These keywords were: inbound logistics, buyer value, procurement logistics, and agility. Based on the nine

keywords, the author identified 63 relevant sources for the purpose of answering the research question, which have furthermore helped in developing a literature review with the aim of reassessing the value chain and its elements.

### IV. LITERATURE REVIEW

The purpose of this section is to unravel the central concepts of value chain management by Porter, and further understand whether the view on the procurement function is still rightful placed as a secondary activity. Furthermore, the intention is to scrutinise as to whether the expectation of value and the notion of procurement have adapted to the current reality of a changing business environment.

#### a) *The Value Chain*

According to Porter (1985), an organisation's competitiveness cannot be understood by assessing it as a whole. Instead, one's assessment should be conducted more systematically across the organisation's activities in order to comprehend its performance and behaviour in terms of costs and differentiation. Fast forwarding to today, these value activities are still assessed as the fundamental pillars of the theoretical success of Porter's (1985) value chain, which equals to the corporate chain that stretches from the upstream engagement with the supplier to the downstream relationship with the customer (Abdelhadi, 2017). In order to facilitate the analysis of a company's competitiveness, Porter's (1985) value chain splits activities into two overall categories: primary activities and support activities. While a primary activity constitutes to a direct contribution to the addition of value to the production of a product, a support activity has an indirect effect on the value of a product. This implies that the secondary activities provide the input and structure, which allow the primary activities to competitively excel (Kumar & Rajeev, 2016; Holsapple & Singh, 2001). As shown in Figure 1, the primary activities consist of inbound logistics, operations, outbound logistics, marketing and sales, and service. The activities that support these, support activities, are firm infrastructure, human resource management, technology development, and procurement (Abdelhadi, 2017). Overall, as stated by Brandenburger (2002), the success of Porter's (1985) management framework can be explained twofold: firstly, it provides a distinctive picture of the essential activities within an organisation. Secondly, through the choice of limited competitive strategies, it gives the decision-maker a simplified view of his/her options to act.

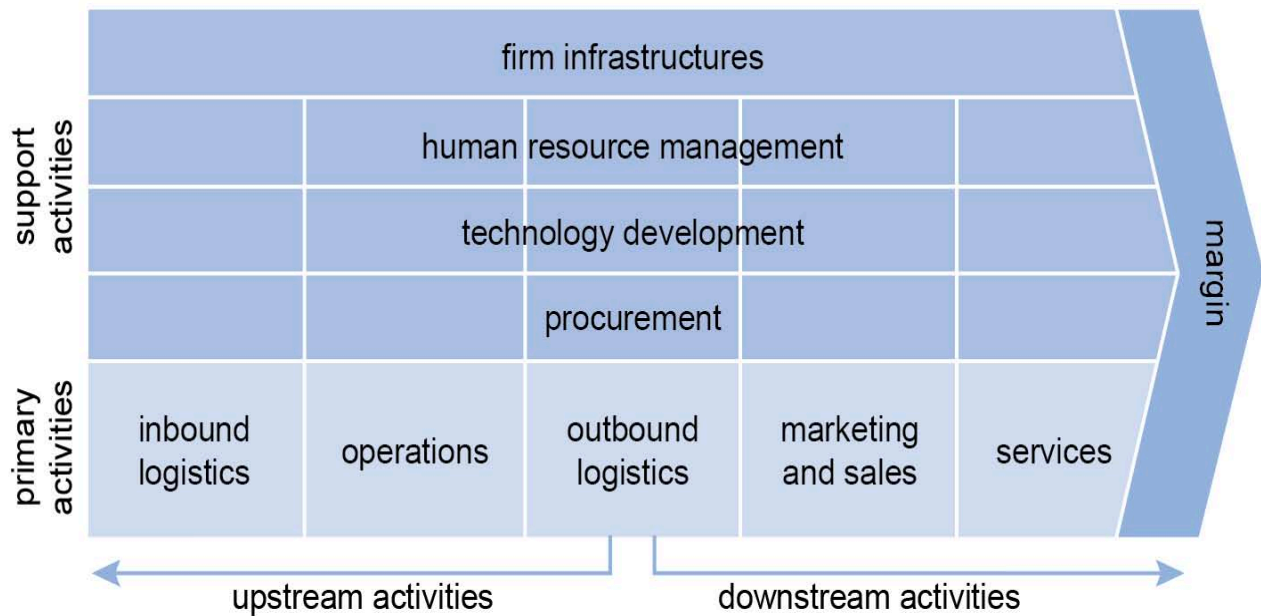


Figure 1: The value chain framework. Adopted from Porter (1985)

Porter's incentive principle of introducing the value chain in 1985 was to give a response to the criticism of his findings presented in *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (1980). The majority of the criticism was particularly levelled against that the findings could not be deployed in the industries of the time, as the presented findings were too macroeconomic (Aktouf, et al., 2005). In other words, it was argued that the one-dimensional nature of his work made it difficult for businesses to apply in practice. In the opinion of Aktouf et al. (2005, p. 185), page 185: "Porter felt obliged to turn to the microeconomic aspects of his doctrine". According to Porter (1985) himself, the academic development of the generic strategies and the value chain in *Competitive Advantage* (1985) was his act of taking accountability by filling out the gaps to the received criticism (Porter 1985; Aktouf, et al., 2005; Argyres & McGahan, 2002b). As a result, the act of taking accountability turned into a success, as the response to his findings was considered awe-inspiring, and still is due to the mainstream usage of his work worldwide. However, as pointed out by Aktouf et al. (2005), one could also claim the mainstream usage has entailed that the definition of competitive advantage, buyer value, and value creation have become too one-sided.

Moreover, Klein (2000) explains that Porter's (1985) initial conceptualisation of competitive advantage is vague, as it creates confusion as to how to comprehend the term from both a theoretical and practical standpoint. Originally, Porter (1985, p. xxii) stated that "competitive advantage grows fundamentally out of the value a firm is able to create for its buyers".

He further expressed that it is to be found "... at the heart of a firm's performance in competitive markets" (Porter, 1985, p. xxi). However, based on Porter's (1985) view, Klein (2000) argues that this presentation of competitive advantage does not define the notion in a contemporary way unless one groups the conceptualisation of competitive advantage together with one's interpretation of value. In this vein, Aktouf et al., (2005, page 186) consider it is a clear example of how: "... the question of value has divided theorists for decades, competitive advantage loses its relevance as a central notion in strategic thinking". Reflectively, as business practices and the organisational way of strategising have historically been far from static, one should be cautious in the comprehension of a terminology with a span of more than one decade. Essentially, this indicates that a change in time could lead to an alteration in a notion's conceptualisation, as it might adapt to new surrounding settings.

Another example of a terminological change is the emergent importance of relationships from the late 20th century into the current 21st century. As highlighted by Aktouf et al. (2005), relationships are another missing link in Porter's (1985) value chain. In their research, it is highlighted that, while the value chain originally intends to divide a business into value activities, it neglects how internal and external relationships tie these activities together (Aktouf, et al., 2005). Consequently, it could be interpreted that Porter's (1985) value chain disregarded in which way relational bonds were embedded in the stream of activities because the value chain was characterised as less complex in comparison with today's global supply chain (Min, et al., 2019). This could explain why the relational parameter did not

receive the same level of recognition in 1985 as it has received in modern times.

#### b) *Buyer Value*

An organisation has to be capable of generating value in order to be competitive and retain its customers (Piboonrungraj, et al., 2017). In order to generate competitive value, Porter (1985) believes an organisation's focus should be on comprehending the buyer's demands and desires. In other words, a company should invest in its capabilities of comprehending the buyer's expectation to value.

According to Prahalad and Ramaswamy (2004), the conceptualisation of value is to be understood as the buyer's willingness to pay, which is influenced by a company's performance, facility, and attribute of its goods and services. Taylor and Fearn (2009) continue with a similar view by expressing that buyers seek attributes or benefits from the product beyond the price alone. An example of such benefits could be one's execution of stability across the supply chain, herein referring to the organisation's capability of stabilising lead time in volatile events. However, to acquire the attention of the buyers, Kothandaraman and Wilson (2001) state that an organisation must prove its value generation through its fulfilment of high, consistent performances. Essentially, such consistency will require that each activity in the value chain is carried out on a holistic basis. If not, the company will jeopardise its abilities to meet the buyer's demand and, thus, diminish its competitive standing (Piboonrungraj, et al., 2017, Kumar & Rajeev, 2016). Ultimately, as a means to succeed within this aspect, Vargo and Lusch (2004) stress that it will imply interactional cooperation in the overall value system.

Consistent with Piboonrungraj, et al.'s research (2017), the holistic capability of thinking beyond one's own corporate boundaries is referred to as value chain thinking. Within value chain thinking, the organisation does not behave from a singular perspective, but, instead, creates, captures, and distributes useful information towards its multiple stakeholders (Piboonrungraj, et al., 2017). Along with Slywotsky et al. (2002), the holistic value thinking phenomenon has paved the way for a customer-centric approach, which has been argued to generate a more competitive value chain approach, in line with the current era of globalisation. Hereby, when an unforeseen event occurs in the value system, the individual actor ought to explore it from the versatile view of value chain thinking and, thus, make allowance for information-sharing with stakeholders to strengthen the value system's coherence and stability (Piboonrungraj, et al., 2017). By incorporating a holistic value thinking approach into one's practices, it is anticipated to result in a threefold outcome: Firstly, it will result in creating a synergised value for the buyer. Secondly, it will create the ability to successfully respond to changes in customer needs.

Thirdly, it will mitigate one's exposure to supply chain risks (Lee, et al., 1997; Goldsby, et al., 2006; Wieland & Wallenburg, 2013).

#### c) *Procurement*

As it has been exhibited in the prior section (the value chain), procurement is placed in Porter's (1985) value chain as a secondary activity, where the function has an indirect influence on the value creation of the product (Holsapple & Singh, 2001). However, over the last decades, the function itself has received significant attention due to organisations' competitive aspiration of becoming more responsive to uncertainty in their respective global supply chain. Here, procurement operates as a critical role in knowledge sharing across the whole chain (Georgino, et al., 2021). According to Abdelhadi (2017), the desire of utilising procurement more strategically can be explained as a globalised shift in economic practices, which is influencing and redefining the traditional corporate thinking of business practices within procurement. Moving forward, the procurement function is anticipated to become more strategically involved in the organisational movement towards a vision, where it will work as a means to ensure transparency and resilience, thus, improving the collaborative synergy between an organisation and its suppliers (Rejeb, et al., 2018).

Originally, the procurement function was viewed as being responsible of ensuring a controlled and punctual process of all movements of internal and external goods, receipts, and management of transportation (Spöttl, 2017). However, procurement is further argued to involve more than just controlled processes, but also the concepts of supplier relationship management, stakeholder management, contract management, negotiation, and purchasing (Georgino, et al., 2021). As simplified by Fleischmann (2018), it is the procurement function's obligation to provide, maintain, and deliver efficiencies to achieve the organisation's long-term goals, herein to enhance the information flow across value activities, both internally and externally (Fleischmann, 2018; Cugno & Castagnoli, 2020). Consequently, information and communication are viewed as the backbone of the overall procurement process (Osmonbekov & Johnston, 2018). Therefore, the function ought to be recognised as a pivotal means for mitigating information distortion. Hence, it should be perceived as a competitive resource to rapidly respond to unforeseen events that could negatively affect the organisational movement (Georgino, et al., 2021).

According to The Chartered Institute of Procurement and Supply (2022), "procurement and supply management involves buying the goods and services that enable an organisation to operate in a profitable and ethical manner". The institute further states that "responsibilities vary from sourcing raw materials and services to managing contracts and



relationships with suppliers" (CIPS, 2022). However, Porter (1985) would instead define the notion of procurement as the function of purchasing inputs utilised within a company's value chain, herein raw materials, supplies, and other consumable items. Through a comparison of the two characterisations of procurement, the two perspectives are alike. However, Porter (1985) does not directly mention anything about the management of supplier relationships. Essentially, procurement is not only about coordination of the organisation's material needs for manufacturing (Rejeb, et al., 2018). Rejeb et al., (2018) continue by stressing that contemporary procurement is equally about the emphasis upon granting access and sharing information with supply chain partners. In essence, procurement is about visibility.

In continuation of the conceptualisation of procurement, Mônica et al., (2021) make it clear that there has been a vast debate of the role of procurement over the last years. The debate has concerned the role of procurement in the value chain, but also the concrete definition of which practical actions are required in a procurement function (Ellram & Birou, 1995; Georgino, et al., 2021). Already back then, Porter (1985) seemed aware of this potential debate, as he in *Competitive Advantage* commented on the closeness between the secondary activity procurement and the primary activity inbound logistics. He further stressed that inbound logistics ought to be viewed as, "activities associated with receiving, storing, and disseminating inputs to the product, such as material handling, warehousing, inventory control, vehicle scheduling, and returns to suppliers" (Porter, 1985, pp. 39-40). Reflectively, it becomes apparent that the two activities, inbound logistics and procurement, do have certain similarities. Similar to inbound logistics, procurement refers to the function of purchasing input, but the function of procurement also emphasises enhancement of the relational information flow between the focal company and its suppliers (Büchi, et al., 2020). Nonetheless, the closeness between the activities is acknowledged by Porter (1985, p. 41) himself, as he concludes that: "... purchasing inputs are commonly associated with primary activity". Ultimately, one could be curious as to which practical actions are required in these two activities and whether they are more alike than one would think.

According to Porter (1985), the difference between procurement and inbound logistics are still notable, as procurement refers to the spend across an organisation in various activities, whereas inbound logistics refers only to direct inputs to the product. It means that procurement does not necessarily relate to raw components to produce the physical produce, as it could likewise be procurement of machines for the plant, temporary help, supplies for the office, or consultancy services to support strategic decisions.

Overall, as stated by Porter (1985, p. 41), "the dispersion of the procurement function of obscures the magnitude of total purchases". In essence, the statement clearly exhibits how procurement is associated with various activities across the value chain and not only the direct raw components for the operations.

#### i. *Procurement Logistics*

Beyond the conceptualisations of procurement and inbound logistics, a new notion has begun to receive great attention throughout academia in the last decade. The phenomenon is known as procurement logistics, which "... comprises the connection between the supplier's distribution logistics and manufacturer's production logistics system" (Zander, et al., 2020). According to Tracy and Sands (2011), there is a need to strengthen supply chains by bridging the gap between logistics and procurement. Essentially, in a time where transparency and holistic recognition are argued to be the means to succeed in the 'new normal', the notion of procurement logistics has received its attention due to a need of bringing further flexibility and efficiency to the supply chain (Thalbauer, 2020; Bogaschewsky, 2019), thus, enhancing the emphasis on the practice of holistic exchange of information (Büchi, et al., 2020).

By comparing the original, known notion of inbound logistics to procurement logistics, Rejeb et al., (2018) explain that the new phenomenon has a deeper emphasis as it also includes the relational action of exchanging data and information with one's supply chain partners. Hence, procurement logistics intends to extend the upstream activities' responsibility by going beyond the action of purchasing goods and the receiving of goods at the warehouse (Zander, et al., 2020). It can therefore be interpreted that its aim is to directly enhance the state of stability in the physical creation of the product. Holistically, the new, discovered term is essentially still about procuring the required materials to produce the physical product. However, it paves the way for a new perception on the importance of communication within upstream logistics and sets the stage for an additional range of actions required to sustain one's competitiveness (Globaltranz, 2016).

#### d) *Agility*

In relation to the rising pursuit of developing one's capabilities within value chain thinking, agility, responsiveness, and resilience have become recurrent conceptualisations in modern procurement, which have been proved costly to neglect corporately in the recent decades (Barratt & Oke, 2007; Christopher & Lee, 2004). Specifically, agility has received a lot of attention within academia, as various industries have been exposed to increased volatility and unpredictability in correlation with occurrences of broken supply chains (Georgino, et al., 2021; Zander et al., 2021; Elenjickal, 2021; Thalbauer, 2021). According to Swafford et al.,

(2006), agility concerns an organisation's ability to master a turbulent market as well as its correspondingly volatile effect on customer demand. Additionally, Eckstein et al. (2015) support the latter view on agility by stating that it is about the company's capability to sense short-term, temporary changes in the business environment in order to rapidly cater for such disturbances. In essence, agility has been introduced by papers as a tool to meet buyer value through quick response, which has been represented as a compulsory requirement for organisations, operating in a global supply chain (Yusuf, et al., 1999; Feizabadi, et al., 2019).

In recent time, it has been identified that agile organisations can strategically leverage time more competitively due to their capability of responding to unique customer needs (Gligor, et al., 2013; Tang, et al., 2015). However, such agile competitiveness is only accessible once a network of transparency and win-win relationships are established, in which the pursuit is collaborative effectiveness (Nicoletti, 2018). If one takes a step back from the horizontal view towards agility, everything comes down to one's ability of being resilient (Wieland & Wallenburg, 2013). By investing in either agility or robustness, Wieland and Wallenburg (2013) argue that enhanced resilience will positively affect a supply chain's output of customer value. Additionally, an organisation is recognised as resilient if it is able to stabilise the original situation or create a new stable situation. As stated by Chakravarthy (1982), an organisation needs to either utilise a reactive or proactive strategy in order to develop its resilience. While a reactive strategy caters for environmental changes with a corporate action, a proactive strategy prevents changes through forecasting and prediction (Lengnick-Hall & Beck, 2005). As such, the reactive strategy is also known as being 'agile' through visibility and speed, whereas the proactive strategy is known as 'robustness' through anticipation and preparedness (Wieland & Wallenburg, 2013). Overall, these two branches form the conceptualisation of resilience (Shukla et al., 2011; Braunscheidel & Suresh, 2009).

Moreover, irrespective of the dimension of resilience that an organisation pursues, the importance of communication and cooperation in the value system cannot be neglected, as both have an encouraging impact on one's ability to act resiliently and meet buyer value (Wieland & Wallenburg, 2013). Therefore, it is vital that global organisations prioritise building and investing relationally in their linkages with supply chain partnerships to become more competitive and resilient to changing customer values and volatile markets (Min, et al., 2019). Essentially, through holistic communication and value-chain thinking, the aim is to coordinate processes and information harmoniously across the supply chain in order to cope with unforeseen events, thus, cooperating for mutual gain (Flynn, et al., 2010). Consequently, it becomes evident how one's capacity of

resilience should be viewed as a contributory value factor in modern supply-chain execution.

## V. DISCUSSION

Across the last years, the procurement function, and its linkage to work as a means to resiliently respond to uncertainties, has received a vast majority of attention due to companies' minor ability to master volatile market conditions (Abdelhadi, 2017; Georgino, et al., 2021). Unforeseen events have disrupted supply chains in various industries, which have shed light on how vulnerable contemporary global supply chains have been to such occurrences (Thalbauer, 2020; Elenjickal, 2021).

Initially, it is stated that this paper seeks to continue the work of Abdelhadi (2017) by scrutinising whether the procurement function can be reconsidered as a primary activity in Porter's (1985) value chain. However, the last years' occurrences of supply chain disruption have also been taken into account. Abdelhadi (2017) concluded that procurement could not be regarded as a primary value adding activity. Based on the literature review, this author would initially agree with Abdelhadi (2017) if one's overall decision is built upon the conceptualisation of procurement alone. It has been identified that procurement does not only concern sourcing of raw components to produce a product, it is also responsible for the activity of sourcing other elements, such as procuring machines for the plant, offices supplies, and consultancy services (Porter, 1985; Rejeb, et al., 2018). Therefore, it becomes clear how the whole procurement function cannot be placed as a primary activity, as all of the function's responsibilities do not solely contribute with adding value to the production of the product. Nevertheless, it has been identified that there are similarities between the primary activity, inbound logistics, and the secondary activity, procurement (Porter, 1985; Ellram & Birou, 1995; Büchi, et al., 2020; Georgino, et al., 2021). For this reason, it has been brought to attention that if fragments of the two activities are suitably unified, it cannot be neglected that this might entail a more contemporary, upstream primary activity to cater for changing buyer value and uncertainties (Wieland & Wallenburg, 2013; Gligor, et al., 2020).

According to Abdelhadi (2017), the rising attention towards procurement has resulted in companies having to commence utilising procurement more strategically as a competitive source. In addition, companies have been urged to evolve and prepare themselves for a 'new normal' by developing resilience strategies into the value system, since uncertainties are anticipated to happen with greater frequency (Chakravarthy, 1982; Lengnick-Hall & Beck, 2005; Wieland & Wallenburg, 2013; Thalbauer, 2020). Hence, organisations ought to redefine their traditional

corporate way of operating within procurement to ensure a consistent, competitive standing in a volatile reality (Abdelhadi, 2017). Ultimately, it brings us back to this paper's contribution to academia through the discovery of the notion of procurement logistics, which has received attention due to a need of flexibility and transparency in the value system (Bogaschewsky, 2019). As previously discovered, as resilience is identified as a pivotal feature to meet contemporary buyer value, procurement logistics is viewed as the function to accommodate to such criteria by promoting the importance of information sharing. In other words, it operates as an enhancement of one's resilient standpoint.

In comparison with the traditional primary activity, inbound logistics, procurement logistics implies a deeper emphasis on the relational cooperation with the suppliers, which will enhance the communication

and flexibility in association with receiving, storing, and distributing inputs to the product (Zander, et al., 2020; Tracy & Sands, 2021). Finally, as shown in Figure 2 below, replacing the original notion of inbound logistics with procurement logistics, creates a stronger foundation to cope with uncertainty, which will provide a more coherent bridge between primary and secondary activities from an upstream perspective. Through the greater emphasis on information-sharing to attain visibility, procurement logistics' aim is to competitively enhance the state of stability in the physical value creation of a product (Xie & Chiu, 2021). Overall, through an incorporation of procurement logistics into Porter's (1985) value chain, the remodification is envisioned to enhance one's upstream ability in the value system to cater for changing customer demand and mitigating exposure to supply chain volatility.

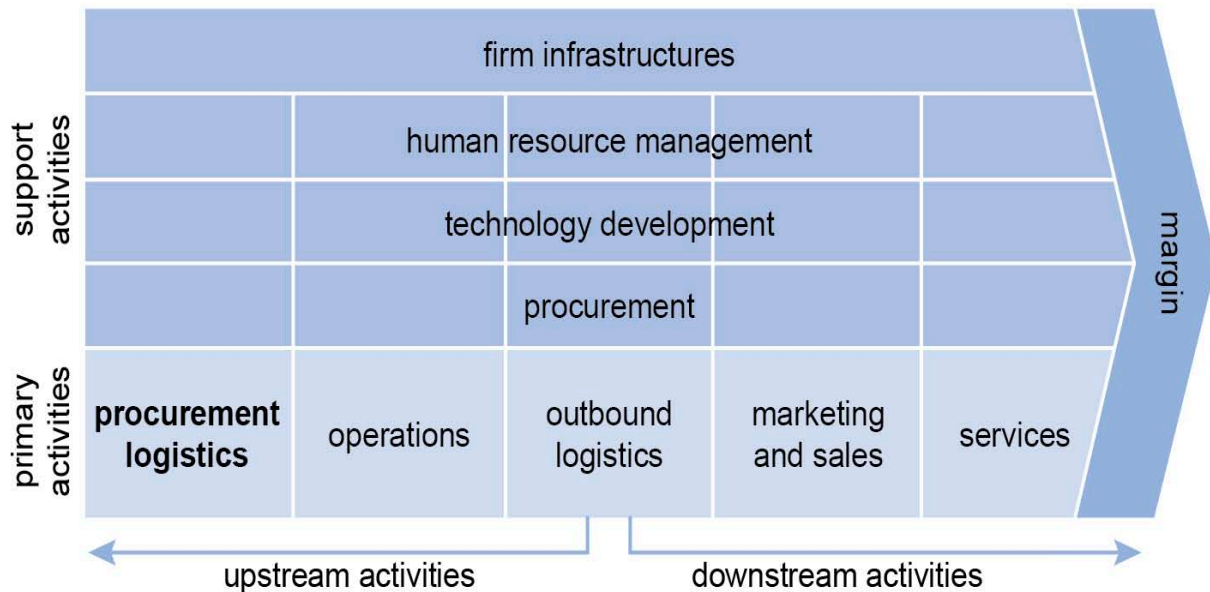


Figure 2: The value chain framework. Adapted from Porter (1985)

## VI. CONCLUSION

Since its release, Porter's (1985) value chain has become a worldwide recognised management tool, which is still recommended to be used in order to understand an organisation's value creating activities. However, the reality is that modern papers have started to be published with the purpose of reassessing whether historical management frameworks still can work as a remedy into business practices of today. The discussion has boomed in the last three years, since global value chains have been vastly affected by COVID-19 and the Suez Canal blockage. This has led to an increased awareness of how vulnerable supply chains are to uncertainty. In relation to modern supply chain execution, it is evident how pivotal an organisation's capacity of resilience is in the physical

value creation. In essence, it is imperative that models of value creation take this fact into account.

Particularly the procurement function has received considerable attention, as it has been viewed as a valuable means to develop resilience onwards by enhancing the flow of transparent communication across the value system. With that being said, in regard to the recent years' supply chain disturbance, it has made the author question whether the procurement function can be reconsidered as a primary activity in Porter's (1985) value chain. Even though there are resemblances to the primary activity inbound logistics and the secondary activity procurement, it has been identified that the procurement function cannot be regarded as a primary activity due to its comprehensive emphasis upon sourcing material for the whole company, thus, not solely the production. However, it is



found that if fragments of these two activities are suitably unified, it could lead to a new primary activity to cater for changing buyer value and exposure to uncertainty. It has led to the discovery of procurement logistics, which in the view of the author would fit well into a contemporary value model.

As a consequence of the recent supply volatilities, companies have been urged to evolve and prepare themselves for a 'new normal', since uncertainties are anticipated to occur more frequently. Therefore, to improve the state of stability in the value chain, the author claims that organisational benefits are to be reaped by altering the traditional primary activity inbound logistics into procurement logistics. This would pave the way for a stronger foundation to accommodate to uncertainty, as the notion has a deeper emphasis on promoting information sharing and developing a resilient strategy. Furthermore, the remodified value chain is holistically envisioned to create a ripple effect with the aim of aligning expectation to an enhanced flow of transparency throughout the value system.

## VII. FUTURE RESEARCH

The author encourages papers to continue research that challenges the value chain. As this study is solely using secondary data, it would be fruitful to test the integration of procurement logistics, as a primary activity, with the usage of primary data, in order to understanding its implications in real-life practice. Ultimately, future researchers should note that the perspective of this paper has predominately been directed towards the upstream activities in the value chain, more specifically procurement. In the process of writing this paper, the author realised that procurement is not the only activity, which has received a lot of attention over the last decades. Another activity is unarguably the secondary activity technology development technology, the evolution of which has influenced business practices in various ways. For this reason, future papers are also recommended to scrutinise as to whether technology development, as well as the other activities in Porter's (1985) value chain, ought to be utilised differently in the present business environment in comparison to how it originally was introduced by Porter in 1985.

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# Strategic Entrepreneurship Alliances and Sustainable Growth of Small Businesses in Nigeria: The Nexus

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**Abstract-** Due to high operational costs, operational risks, and the inability of SMEs to access resources, business activities in Nigeria have remained largely unsustainable over time. Small businesses must be able to overcome these obstacles if they want to remain viable globally. This paper is aimed at investigating the relationship between strategic entrepreneurship alliance and sustainable growth of small businesses in Nigeria. With a population of three thousand and fifteen (3015) registered small businesses in Abuja Metropolis and using Bartlett, Kotrlik, and Higgins (2001) model of minimum sample size determination, a sample size of 520 respondents was obtained and a questionnaire was the only data collection instrument employed in the study.

**Keywords:** *strategic entrepreneurship, strategic alliances, vertical integration, horizontal integration, and sustainable business growth.*

**GJMBR-A Classification:** DDC Code: 658.42 LCC Code: HD2346.U5



*Strictly as per the compliance and regulations of:*





# Strategic Entrepreneurship Alliances and Sustainable Growth of Small Businesses in Nigeria: The Nexus

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**Abstract-** Due to high operational costs, operational risks, and the inability of SMEs to access resources, business activities in Nigeria have remained largely unsustainable over time. Small businesses must be able to overcome these obstacles if they want to remain viable globally. This paper is aimed at investigating the relationship between strategic entrepreneurship alliance and sustainable growth of small businesses in Nigeria. With a population of three thousand and fifteen (3015) registered small businesses in Abuja Metropolis and using Bartlett, Kotlik, and Higgins (2001) model of minimum sample size determination, a sample size of 520 respondents was obtained and a questionnaire was the only data collection instrument employed in the study. It was revealed that both vertical and horizontal integrations are strongly related to the growth and sustainability of small businesses in Abuja Metropolis. The study concluded that a strategic entrepreneurship alliance is pivotal for small business' growth sustainability and recommended that small businesses desirous of growth and expansion through improved competitive positioning and gain entry into new markets, supplement critical skills, and share the risk and cost of major developmental projects should strategically ally and collaborate with other firms to ensure a continuous flow of inputs for uninterrupted operations resulting to effective, efficient and reliable product distribution chain that guarantees firm's growth and sustainability.

**Keywords:** strategic entrepreneurship, strategic alliances, vertical integration, horizontal integration, and sustainable business growth.

## 1. INTRODUCTION

Many of the world's most thriving firms operate on more than one line of business and continent. They diversify their product line and revenue base, segment their business, and ally with other successful firms for growth and business sustainability (Hazarika & Alwang, 2013). If a company wants to grow, sustain and succeed in business, or enjoy a successful career in the corporate world, it is imperative to strategically collaborate with other firms. To achieve this, firm owners/ operators need to maintain a network of business connections.

Strategic Entrepreneurship (SE) can typically be conveyed as organizationally substantial innovations within prevailing firms that involve the blend/integration of prospects and advantage-seeking actions (Lall, 2015). Nzitunga (2015) noted that SE constantly shapes entrepreneurial activities through a strategic perspective by helping firms raise their organizational performance and develop linkage advantage through increasing profit and market share value. This marriage (alliance) when strategically done between two or more companies, agrees to pursue a set of agreed objectives while remaining an independent organization.

In a contemporary business environment, SE is fast gaining ground, particularly in reputable firms and businesses across the globe, especially those companies that strive to cultivate more entrepreneurial orientation in their pursuit to maintain a competitive edge over their rivals (Oloda, 2017). Strategy and entrepreneurship are sovereign paradigms, but their amalgamation helps to produce value for esteemed customers, which is one of the reasons that firms exist, gain, and maintain economic benefit for businesses as claimed by Anoke and Okpanaki (2022). A significant component of strategic entrepreneurship is the convergence of entrepreneurial opening-seeking and strategic edge acts, which catalyzes innovation, business expansion, and wealth generation. It is obvious that in today's global, dynamic and depressed business environment orchestrated by novelty Covid 19, strategic entrepreneurship now concentrates more on capacity building through innovative creation, business improvement, corporate business venturing, stimulating business competitiveness, exploring new business potentials, building stronger firm capabilities, vertical and horizontal diversifications, harvesting from current business networking, consolidation through business synergy and managing firm actions across different established contexts in which contemporary business exist (Igbokwe & Elikwu, 2019). All these are geared towards building a sustainable business environment and enterprise.

Strategic alliance denotes the strengthening of a firm's key areas through the association of strategic third parties alliance, which fosters the company's capacity to collaborate over time as a means to lessen

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or eradicate uncertainties and entrance barricades (Kalwani & Narayandas, 2013).

Strategic entrepreneurship alliances and networks have become great tools that firms and industries use to acquire the human and material resources needed to compete effectively and efficiently in today's dynamic business world (Hakansson, 2014). In addition, Awotide, Abdoulaye, Alene, and Manyong (2015), claimed that strategic alliances and strategic networks especially now that social media drives the economy, can help firms not only source but develop the required resources, capabilities, and competencies needed for the smooth running of an organization. Strategic networking and collaboration are pivotal for entrepreneurial firms, partially because of the role resources play in the development and sustainability of a firm to compete effectively against other rival firms (Bouka, 2015).

Sustainable improvement touches on the prominence of intergenerational justice and equity, ensured by preserving capitals that investors can fall back on in the future. In this context, sustainable business growth primarily entails the sustainability of enterprises involved in the diverse sphere of ventures and the absence of strategic entrepreneurship to ensure access and efficient utilization of capital and needed resources to develop local capacity utilization through firm operations and inter-generational equality, which is the recognition of sustainability on a long-term scale to meet of future demands (Stoddart, 2011). Emas (2015) explains that sustainable and supportable business growth is anchored on weak and strong sustainability concepts; Strong sustainability, on one side, acknowledges the special qualities of natural resources (material, human capital, and human relations) that cannot be replaced by manufactured capital, in contrast to weak sustainability, which explains that only capital matters and that manufactured capital is an adequate replacement for natural capitals (Stoddart, 2011).

Muritala, Awolaja, and Bako (2012) opined that the barriers to sustainable business growth in Nigeria, which have hindered many businesses are not just limited to access to long-term bankrolling and lack of entrepreneurial capacity; they also have the combined effects of adequate market access, low information flow, low levels of business literacy on the part of entrepreneurs and poor prior industry knowledge before investing, poor links between various systems of the sector, low knowledge of operating capacities concerning business skills, attitudes, and a lack of required infrastructure. In addition, the government of Nigeria has also focused on creating small enterprises across a variety of economic sectors due to the mono-economy (oil-dependent) character of the nation to diversify the economy (Akweshola, Tijani, & Adeleke, 2018).

In Nigeria, small business owners have suffered greatly as there has been a ceaseless, constant, and consistent absence of basic business infrastructure and vital public services to aid the production process and timely distribution of raw materials and finished goods; inadequate power supply, high cost of acquiring appropriate technology and machinery, poor and incompetent management procedures, which have resulted to the inability of business operators in this part of the word to engage the services of professionals; use of outdated instruments and methods of production is pronounced due to the owner's inability to access new technology; coupled with weak industry linkages and poor access to the global market, which are all factors working against a sustained business growth (Anoke, Osita, Eze, & Muogbo, 2021). Lastly, strategic entrepreneurship alliance practices are conspicuously missing in the system, resulting in swift and steady weakening in strategic and creative thinking processes, hindering appropriate and timely decision making by entrepreneurs, which is required for business growth; absence of capacity building by small business operators to stimulate and exploit new business opportunities innovatively and create competitive edge thereby supporting companies to function efficiently and effectively and leverage on quality by integrating digital talent with enterprises to overcome and sustain customers' demand, This study, therefore, probes the relationship between strategic entrepreneurship alliance and sustainable growth of small businesses in Nigeria. This study limited its scope to Abuja Metropolis, Nigeria. This is because Abuja is the seat of power of the most populated country in Africa (Africa giant) with many business innovative opportunities and springing up of businesses that require collaboration for optimal growth and sustainability.

The major aim of this study is to examine the linkage between strategic entrepreneurship alliances and small businesses' sustainable growth in Nigeria. Specifically to;

The major aim this study is to examine the linkage between strategic entrepreneurship alliances and small businesses sustainable growth in Nigeria. Specifically to;

1. Examine the effect of vertical coalitions on sustainable business growth
2. Establish the effect of horizontal coalitions on sustainable business growth,

From the specific objectives, the following hypotheses are posited;

*H01:* Vertical associations have no significant effect on sustainable business growth in Nigeria

*H02:* Horizontal associations have no major effect on sustainable business growth in Nigeria

## II. CONCEPTUAL CLARIFICATIONS

### a) *Concept of Strategic Business Alliance*

An alliance in business is a connection between two persons, a group of people, or a state that comes together for their mutual benefit or to accomplish a common goal. Whether or not the agreement entered is explicit, the parties involved in the alliance are duty-bound to keep to the rules of the contractual agreement (Ponomarenko, 2016). A strategic alliance (SA) is therefore a type of partnership that supports a company's core business strategy, fosters competitive advantage, and deters rivals from entering a monopolized market. Strategic partnerships allow businesses to pursue their shared interests by combining their resources, talents, and core competencies to create, produce, or sell goods and services (Abbah, 2015). Similar to joint ventures, strategic alliances have gained popularity as tactical alternatives for businesses seeking cooperation with both domestic and foreign partners. Access to information, resources, technology, and markets is provided by alliances and networks (Akinagbe, 2010). Morris, Kuratko, and Schindehutte, (2011), argued that networks play even more crucial competitive functions for innovative businesses. For instance, networks provide entrepreneurial businesses legitimacy when they collaborate with another, well-known, and esteemed organization.

Additionally, Morris et al, (2011), noted that alliances can foster affairs between entrepreneurial firms' customers. Besides, the formation of new independent business ventures often is based either on the network ties of a specific entrepreneur or of an entrepreneurial group in the case of business ventures by superior and bigger firms in terms of networking, finance, and connection. Specifically, it is argued that sources of ideas for new business ventures often come from social networking. Therefore, networking is a major source of entrepreneurial prospects (Teece, Pisano & Shuen, 2013). Most crucially, network connections can help entrepreneurs access the most vital resources needed to launch and run a new business. The quantity and depth of network linkages are thus positively correlated with the performance of entrepreneurial firms (Nzitunga, 2015)

### b) *Vertical and Horizontal Integration*

Ngige (2007) posits integration strategies as measures taken to consolidate a firm's activities to gain more control of critical external variables directly affecting the business. Integration can be broadly subdivided into two activity types, vertical and horizontal integration.

Vertical integration according to Abbah (2015), comprises two strategies; forward and backward combination. Forward business integration implies

gaining complete or partial ownership or better control over the line of distributors or retailers along the distribution chain. It also involves linking with firms producing similar products in alliance or merger and acquisition (Morris, et al., 2011). Backward integration, Mamman, Aminu, and Adah (2013), saw as activities of a firm to create its independence or action by acquiring ownership or increasing its control of suppliers of vital inputs. Horizontal business integration on the other hand is seen by Anand and Khanna (2012), as a plan for taking over or exerting more power over a company's rivals. It can also be used as a growth strategy and involves acquisitions. Thus, Teece, et al., (2013), opined that a firm desirous to consolidate its market position would adopt horizontal integration, as this tends to eliminate or minimize competition.

Yuhua (2014) described the benefits of strategic alliances to SME development in three ways, Productivity gain, which involves outsourcing products and services to enable SMEs to produce better or cheaper, enhance technological specialization, and achievement of economies of scale; therefore giving SMEs a certain degree of bargaining power. The adoption of strategic entrepreneurship gives specialized SMEs access to a reliable market; as inter-industry connections based on shared specialization typically extend beyond arms-length transactions to include, among other things, delivery schedule coordination and product standardization (Mendola, 2007), thus encouraging a long-term loyalty on the part of her esteemed customer. Strategic entrepreneurship-induced alliances according to UNCTAD (2011) promote factor-cost advantages, a state in which SME operators are privileged to have unlimited access to inexpensive production factors, mostly lower labour expenses, due to the unpretentiousness of the workplace or a non-unionized staff. Price competition is typically strong when the production process is standardized and the required technology is available, forcing businesses to consistently decrease prices and achieve significant advances in efficiency (Zamir, Sahar, & Zafar, 2014).

Additionally, the benefits of SMEs strategic alliances which are the basis for SME development allow partners to scale quickly, build innovative solutions for their customers, enter new markets and pool valuable expertise and resources. In a business environment that values speed and innovation, the strategic business alliance is a game-changer (Anoke & Okpanaki, 2022). The prerequisites for such a flexible and smooth running of the coordinated system, however, are technology innovation and multi-skilled labour which are seen as drivers of systematic business alliance.

### c) *Empirical Evidence*

Igbokwe and Elikwu (2019) studied the implications of strategic entrepreneurial alliances on

small business growth in Nigeria. The research adopted a cross-sectional survey design and a deductive technique. A sample size of four hundred and eighty-seven (487) registered small businesses in Delta State, Nigeria was used for the study. The gathered data were analyzed and tested using multiple regression. It was revealed that strategic alliances have a great impact on Nigeria's small firms' ability to grow sustainably and advised that small firms should join any strategic partnership (vertical or horizontal) to achieve long-term business success.

The study of Igbokwe and Elikwu (2019) though well carried out, was done in the South-south part of Nigeria dominated by multinational oil companies. It is important to validate or otherwise the result using another geopolitical zone in Nigeria (Abuja, North-Central).

Nwaokocha (2017) identified the several ways in which divestment of non-core undertakings by SMEs through strategic business alliance have aided the sustainability of SMEs in Nigeria. Field observations, reference to relevant literature, and a questionnaire was adopted to source the required information through the survey of 613 SMEs. The findings revealed a strong and affirmative association between cost decrease and access to capital. It equally recorded a strong and adverse association with risk reduction. The study recommended that limitations to SMEs sustainability can be enhanced by persistent divestment of 'non-core' actions by the SMEs operators.

Nwaokocha (2017) did not state the population of the SMEs in the study area from where the sample of 613 SMEs was drawn.

Gul (2011) examined vertical, horizontal, dissimilar integration, and un-diversification strategies and their effect on firm performance. 147 respondents drawn from Danish manufacturing firms were used as a sample. The study covered the years 2009 to 2005. The result revealed that horizontal (allied) integrated firms are overtaking the corporate performance of unrelated diversified firms in terms of profit-making.

The study of Gul (2011) did not yield any recommendation for future reference.

Antonio, Felipe, Roberto, and Mauro (2016) studied a model where entrepreneurial orientation is allied with strategic alliance when influenced by its top management and entrepreneurial orientation functioning as a multidimensional construct. Data collected from 101 firms in Brazil were analyzed using structural equation modeling. It was discovered from the result that enhancing companies' entrepreneurial orientation like risk-taking, is vital in promoting a firm's strategic alliance. It was recommended that entrepreneurial orientation should be used to intensify strategic alliance and firm performance, especially for small and medium-sized enterprises (SMEs).

#### d) *Theoretical Standpoint*

The reasons for the establishment of strategic alliances have been described from numerous theoretical viewpoints. However, the resource-dependence principle is used to drive home this study. The Resource-Dependence Theory (RDT) was publicized by Pfeffer and Salancik (1978) when they submitted that having control over risky resources by one firm will make other companies dependent on it. According to the notion, businesses are varied in terms of their resources and capabilities even though they are engaged in the same industry. In general, the idea contends that businesses often lack all of the resources required of them to continue to have a competitive edge over and above their rivals. Therefore they need to ally and collaborate with other firms gaining from their core competencies, human and material resources for survival. As a result, a strategic tie is typically a workable inter-organizational arrangement that can reduce uncertainty, and risk and improve access to resources and business visibility that will boost organizational performance. RDT, which emphasizes a firm's capacity to develop, build, sustain, and maintain a competitive lead by obtaining valuable resources and market positions, has become an important explanation for the persistent firm level of performance (Tebrani, 2003). A strategy that makes use of a company's distinctive resources and abilities results in a competitive advantage. The use of RDT will highlight the things that the parent resource corporations prefer to control and the methods by which they do so to lead the market.

### III. METHODOLOGY

The study employed a survey research design to investigate the relationship between strategic entrepreneurship alliances and the sustainable growth of small businesses in Nigeria. The influence of one variable on the other was explained using the statistical tool of multiple regression.

Three thousand and fifteen (3,015) small-scale enterprises in Abuja Metropolis made up the study's population which was derived from Enterprise Agency of Nigeria's Facts Book (2021). A structured questionnaire was used as the major research tool to obtain data from the sampled respondents. Using the Bartlett, Kotlik, and Higgins (2001) model of minimum sample size determination, 520 copies of the questionnaire were administered while 488 were dully filled, returned, and used.

The initial questionnaire was subjected to content validity testing to ascertain the study instrument's validity. Cronbach's alpha was used to indicate the reliability or internal consistency of the items inside the study's structure, and it provides an average value of 0.86 for the questionnaire.



#### IV. DATA ANALYSIS TECHNIQUES

The multiple regression techniques were used to assess the relationship between the variables. Strategic Entrepreneurship Alliance is measured by vertical integration (Forward Integration (FOI) & Backward Integration (BAI)) and Horizontal Integration

(HOI), while sustainable growth of small businesses (SGSBS) is the dependent variable.

This study adopted the model of Igbokwe, and Elikwu (2019) with slight modifications as stated below.

$$STENAL = f(FOI + BAI + HOI) \dots\dots\dots (1)$$

Therefore, the specific model for the independent variable adopted is:

$$STENAL = f(FOI, + BAI + HOI;) \dots\dots\dots (2)$$

Where: STENAL = Strategic Entrepreneurship Alliances (SEA)

FOI = Forward Integration

BAI = Backward Integration

HOI = Horizontal Integration

STENAL = Strategic Entrepreneurship Alliances

$$SGSBS = f(FOI, + BAI/2 + HOI;) \dots\dots\dots (3)$$

The econometric equation for the model is specified as

$$SGSBS = B_0 + B_1FOI + B_2BAI/2 + B_3HOI; + u/ \dots\dots\dots (4)$$

#### V. RESULTS AND DISCUSSIONS

##### Test of Hypotheses

The two formulated hypotheses in this study were approached with the aid of t-statistics contained in the regression results at 5% significance.

Regression Results on the impact of strategic entrepreneurship alliances (FOI, BAI, HOI) on small business's growth sustainability

$$Model\ 1: SGSBS = B_0 + B_1FOI + B_2BAI/2 + B_3HOI; + u \dots\dots\dots (5)$$

Included observations: 488

*Table 4.1: Regression Result*

Variables	Coefficient	Std Error	t-Statistic	Prob.
FOI	0.162376	0.043547	3.728819	0.0002
BAI	0.025632	0.051432	2.498359	0.6186
HOI	0.101348	0.036974	2.741118	0.0065
C	0.150939	0.366459	1.411886	0.6807
R-squared	0.618419	Mean dependent var		8.098327
Adjusted R-Squared	0.613549	S.D dependent var		3.121032
S.E of regression	1.940199	Akaike info criterion		4.177994
Sum Squared resid	1773.019	Schwarz criterion		4.239056
Log Likelihood	-991.5405	Hannan – Quinn Criter		4.201999
F-statistic	127.2176	Durbin-Water Stat		1.539894
Prob (F-Statistics)	0.001886			

Source: Authors' Computation, 2022 (E-views 12.0)

$$SGSBS = 0.15 + 0.16 FOI + 0.03 BAI + 0.10 HOI \dots\dots\dots (6)$$

$$SEE = 0.36: 0.04, 0.05, 0.03$$

$$t^* = 1.42: 3.73, 2.49, 2.80$$

$$F^* = 127.2: Prob (F-statistic) = 0.0019$$

$$R^2 = 0.6184: Adj. R^2 0.6141$$

From table 4.1, it is seen that the calculated t-value for FOI (3.73), BAI (2.50), and HOI (2.74), while the tabulated value is 1.96, fewer than 95% confidence levels. Both null hypotheses (HO1 & HO2) were rejected since the estimated t-values for FOI ( $3.73 > 1.96$ ), BAI ( $2.49 > 1.96$ ), and HOI ( $2.74 > 1.96$ ) are all higher than the tabulated value (1.96) conclude that vertical and horizontal alliances (FOI, BOI & HOI) have major influences on the growth and sustainability of the small business. This suggests that entrepreneurship *strategic alliances have a major influence on small businesses' growth sustainability in Nigeria*. This finding is in tandem with the findings of Igbokwe and Elikwe (2019) who found that strategic alliances have significantly impacted Nigeria's small firms' ability to grow sustainably. It equally contradicts the study of Nwaokocha (2017) who recorded a strong and adverse association between strategic alliance and the growth of the small business through risk reduction.

## VI. CONCLUSION AND RECOMMENDATIONS

The relationship that exists between strategic entrepreneurship alliances and the growing sustainability of small businesses in Nigeria was investigated. It was hypothesized that vertical and horizontal integrations have no significant effect on sustainable business growth in Nigeria. The result from the analysis revealed that both vertical and horizontal integrations are strongly related to the growth and sustainability of small businesses in Abuja Metropolis and by extension Nigeria. This portrayed the fact that a strategic alliance enables a company to reach a broader audience, and search for new, creative ways to increase its clientele.

It is therefore recommended that small businesses desirous of growth and expansion through improved competitive positioning and gain entry to new markets, supplement critical skills, and share the risk and cost of major developmental projects should strategically ally and collaborate with other firms to ensure a continuous flow of inputs for uninterrupted operations resulting to effective, efficient and reliable product distribution chain that guarantees firm's growth and sustainability.

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### Ethical Consideration

It is noteworthy that all ethical issues were stickily adhered to during this research work. Oral permission was sought and granted before the questionnaire was administered to the sampled respondents. Covid-19 protocols were viscusly observed before, during, and after the research period. Participants were assured of utmost confidentiality of data provided as the information supplied is for research purposes only.

### Competing Interest

The authors of this study unanimously declared that no competing interest exists herein and the manuscript is not been considered for publication in any other journal house except Global Journal of Management and Business.

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# Entrepreneurial Intention of Business Students in Davao Del Sur State College

By Ryan M. Demillo & Glenn M. Demillo

**Abstract-** The study was conducted to determine the entrepreneurial intention of business students. The study used the multiple regression analysis in determining the factors affecting the entrepreneurial intentions of business students. All variables in this study which are attitude towards becoming an entrepreneur, perceived behavioral control, subjective norms and entrepreneurial intention were described as a high by business students. Study found that the business students' entrepreneurial intentions have significant relationship with subjective norms and personal attitude towards becoming entrepreneur but it has no significant relationship with perceived behavioral control. However personal attitude towards becoming entrepreneur of business students has significant relationship with subjective norms. Lastly, majority of business students had a financial problem.

**Keywords:** *entrepreneurial intention, business students, agribusiness, entrepreneur.*

**GJMBR-A Classification:** DDC Code: 347.7 LCC Code: KF889



*Strictly as per the compliance and regulations of:*



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Ryan M. Demillo<sup>α</sup> & Glenn M. Demillo<sup>σ</sup>

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## I. THE PROBLEM AND ITS BACKGROUND

### a) Introduction

Entrepreneurship is a way of thinking that emphasizes opportunities over threats. The opportunity identification process is clearly an intentional process, and therefore, entrepreneurial intentions clearly merit our attention. Equally important, they offer a means to better explain and predict entrepreneurship.

It is well known that a career in entrepreneurship offers significant opportunities for individuals to achieve financial independence and benefit the economy by contributing to job creation, innovation, and economic growth. Today's students are tomorrow's potential entrepreneurs, which may explain why a growing number of universities offer courses and programs in entrepreneurship. However, there is little understanding of the factors that affect students' intentions of becoming entrepreneurs and the relationship between entrepreneurship education and students' entrepreneurial attitudes and intentions (Souitaris, 2010).

This study sought to contribute toward redressing this gap in our knowledge by experimental testing a model that draws on the theory of plan behavior to examine the antecedents of entrepreneurial intentions among students. The purpose of this study was to describe the nature of the individual attitudes,

subjective norms and perceived control associated with their intentions to entrepreneurship, and to determine the extent to which personal attitudes, subjective norms, and perceptions of behavioral control influence students' intentions to entrepreneurship. In order to understand entrepreneurial intentions, it is necessary to understand first the main factors that drive students to start a business.

### b) Research Objectives

This study aimed to determine the entrepreneurial intention of college students in Davao del Sur State College (DSSC) formerly known as a SPAMAST-Digos Campus.

*Specifically, this study aimed to;*

1. Demographic profile of business students
  - a. course
  - b. year level
  - c. age
  - d. ethnicity
2. Ascertain the level of Personal attitude towards becoming an entrepreneurship, subjective norms, behavioral control and entrepreneurial intention of business students.
3. Determine the significant relationship between subjective norms band the personal attitude towards becoming an entrepreneur and perceived behavioral control of business students.
4. Identify significant relationship between business students' entrepreneurial intentions and subjective norms, personal attitude towards becoming an entrepreneur, and perceived behavioral control of business students.
5. Determine the problem encountered of business students.

### c) Significance of the study

The study aimed to gather information of the entrepreneurial intention of college students in Davao del Sur State College (DSSC) formerly known as a Southern Philippines and Marine and Aquatic School of Technology (SPAMAST-Digos Campus).

Results of the study enable students to focus on the importance of factors that affect entrepreneurial intentions and to address problems/constraints identified in the study. Moreover, it is hopeful that the outputs of the study were valuable to the students, which may benefit from the result of the study since this

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provided reflections on factors affecting entrepreneurial intentions and the results might be outline base information for productive and efficient entrepreneurship. The researcher also benefits from the study in a way that it provides supplementary data; information's about the entrepreneurial intentions of college student while pursuing the degree.

Lastly, result of this study may be beneficial to future researchers who would like to study further using related studies and programs on the said concern.

#### d) *Scope and Limitation of the Study*

The study focused mainly on entrepreneurial intention of college students in Davao del Sur State College (DSSC) formerly known as a Southern Philippines Agri-Business and Marine and Aquatic School of Technology (SPAMAST Digos Campus). Further, this study was limited to business students, such as BSED-TLE, BSAIS and BSAB.

## II. REVIEW OF RELATED LITERATURE

### a) *Entrepreneurial Intention*

This study explored the relationship between individual differences and behavioral intentions toward entrepreneurial careers, defined here as owning one's own business. Particular interest was a recent innovation in the individual difference literature the proactive personality scale. Using a sample of 100 college students, entrepreneurial intentions were found to be significantly associated with gender, education. Having an entrepreneurial parent, and possessing a proactive personality. The strongest association was found between entrepreneurial intentions and the proactive personality scale. Hierarchical regression analysis showed that pro-activity explained significant incremental variance in entrepreneurial intentions above and beyond that explained by the other variables. In a review of trends in the entrepreneurship literature, identified eight themes characterizing the major issues of entrepreneurship (Gartner, 2011). One of these themes focused on the entrepreneur as an individual, and the notion that entrepreneurship involves individuals with unique personality characteristics and abilities. Within this domain of research, five attributes have consistently been found to co vary with entrepreneurship, need for achievement, locus of control, risk-taking propensity, tolerance for ambiguity, and behavior. The current study compares two intention-based models in terms of their ability to predict entrepreneurial intentions. Ajzen argues that intentions in general depend on perceptions of personal attractiveness, social norms, and feasibility.

Shapero argues that entrepreneurial intentions depend on perceptions of personal desirability, feasibility, and propensity to act. We employed a competing model approach, comparing regression analyses results for the two models. We tested for

overall statistical fit and how well the results supported each component of the models. The sample consisted of student subjects facing imminent career decisions. Results offered strong statistical support for both models. (1) Intentions are the single best predictor of any planned behaviour, including entrepreneurship. Understanding the antecedents of intentions increases our understanding of the intended behaviour. Attitudes influence behaviour by their impact on intentions. Intentions and attitudes depend on the situation and person. Accordingly, intentions models will predict behaviour better than either individual or situational variables. Predictive power is critical to better post hoc explanations of entrepreneurial behaviour; intentions models provide superior predictive validity. (2) Personal and situational variables typically have an indirect influence on entrepreneurship through influencing key attitudes and general motivation to act. For instance, role models will affect entrepreneurial intentions only if they change attitudes and beliefs such as perceived self-efficacy. Intention-based models describe how exogenous influences change intentions and, ultimately, venture creation. (3) The versatility and robustness of intention models support the broader use of comprehensive, theory-driven, testable process models in entrepreneurship research (MacMillan and Katz, 2010).

Intentional behaviour helps explain and model why many entrepreneurs decide to start a business long before they scan for opportunities. Understanding intentions helps researchers and theoreticians to understand related phenomena. These include: what triggers opportunity scanning, the sources of ideas for a business venture, and how the venture ultimately becomes a reality. Intention models can describe how entrepreneurial training moulds intentions in subsequent venture creation. Past research has extensively explored aspects of new venture plans once written. Intentionality argues instead that we study the planning process itself for determinants of venturing behaviour. We can apply intentions models to other strategic decisions such as the decision to grow or exit a business. Researchers can model the intentions of critical stakeholders in the venture, such as venture capitalists' intentions toward investing in a given company. Finally, management researchers can explore the overlaps between venture formation intentions and venture opportunity identification. Entrepreneurs themselves should benefit from a better understanding of their own motives (Engle, 2010).

The opportunity to understand why they made certain choices in their vision of the new venture intentions base models provide practical insights to any planned behaviour. This allows us to better encourage the identification of personally-viable, personally-credible opportunities. Teachers, consultants, advisors, and entrepreneurs should benefit from a better general

understanding of how intentions are formed, as well as a specific understanding of how founders' beliefs, perceptions, and motives coalesce into the intent to start a business. This understanding offers sizable diagnostic power thus entrepreneurship educators can use this model to better understand the motivations and intentions of students and trainees and to help students and trainees understand their own motivations and intentions. Carefully targeted training becomes possible. For example, ethnic and gender differences in career choice are largely explained by self-efficacy differences. Applied work in psychology and sociology tells us that we already know how to remediate self-efficacy differences. Raising entrepreneurial efficacies will raise perceptions of venture feasibility, thus increasing the perception of opportunity. Economic and community development hinges not on chasing smokestacks, but on growing new businesses (Stephan, 2011).

To encourage economic development in the form of new enterprises we must first increase perceptions of feasibility and desirability. Policy initiatives will increase business formations if those initiatives positively influence attitudes and thus influence intentions. The growing trends of downsizing and outsourcing make this more than a sterile academic exercise. Even if we successfully increase the quantity and quality of potential entrepreneurs, we must also promote such perceptions among critical stakeholders including suppliers, financiers, neighbours, government officials, and the larger community. The findings of this study argue that promoting entrepreneurial intentions by promoting public perceptions of feasibility and desirability is not just desirable; promoting entrepreneurial intentions is also thoroughly feasible (Souitaris, 2010).

#### b) *Attitude towards Becoming Entrepreneur*

A country's attitudes toward entrepreneurship affect the propensity of individuals to become entrepreneurs, their ability to rebound from business setbacks and the support that entrepreneurs receive (e.g. from family and relatives) when setting up a new enterprise. Although the effects of these attitudes are difficult to measure, positive attitudes toward entrepreneurship are found to correlate with high levels of entrepreneurship. The evidence also points to substantial differences in attitude across countries (Ajzen 2011).

Attitudes toward entrepreneurship may be affected by the level of business and entrepreneurship skills and experience in a country, an economy's administrative framework for entry and growth, and bankruptcy regulations, as they shape perceived barriers and risks to business start-ups. Public policy can encourage positive attitudes toward entrepreneurs by ensuring that all high school students are exposed to the concept of entrepreneurship, by organizing global

and local events on entrepreneurship, and by using multiple channels to promote entrepreneurship (e.g. advertising, TV and radio programmes and social media). Attitudes toward entrepreneurship are affected by a variety of factors, not just those directly related to business but also those that relate to the acceptability of various actions and the values attached to them. Such attitudes and perceptions include the following categories: The society's attitude toward entrepreneurs. For example: Whether entrepreneurs are seen to create wealth and growth that will benefit all the society perceives that there are opportunities for entrepreneurship. The perception of the difficulty of being an entrepreneur, including: Whether individuals believe that they have the right skills to become entrepreneurs. To what degree failure is seen as something to fear (Conner, 2010).

#### c) *Evidence on how attitudes influence successful entrepreneurship*

Although attitudes can be difficult to quantify and to compare between countries, there is good evidence that shows a positive correlation between attitudes toward entrepreneurship and high levels of entrepreneurship and economic growth. In particular, attitudes about failure and about entrepreneurship in general are different in the United States than in European countries, and the United States also has higher levels of entrepreneurship. However, there is some difficulty in determining whether this is a causative relation or rather that higher levels of entrepreneurship create better attitudes, or that both are symptoms of some other factor. We can suppose that other cultural and historical factors have an effect on levels of enterprise and attitudes toward entrepreneurship, and that these to some degree disguise any direct effects that changes in attitudes might cause (Keilbach, 2012).

Statistics provided by the Global Entrepreneurship Monitor and reported in OECD (2012) show a wide range of perceptions and attitudes related to entrepreneurship in different OECD countries. With the exception of Japan, the perception that individuals have entrepreneurial opportunities and the capability of starting up a business appear largely distinct from their attitudes toward entrepreneurship.

A survey by the European Commission shows similarly diverse views of entrepreneurs and the way in which education has affected these views. There are significant cross-country differences in the way people perceive entrepreneurs. The highest percentage of people who have a favourable image of entrepreneurs is found in a group of Nordic countries and the US, while in Eastern European and Asian countries only one third or less of the population has a positive image of entrepreneurs. Opinions on the role of education in forming attitudes toward entrepreneurs are also very diverse from country to country. Interestingly, the



ranking of countries according to the perceived role of school in helping students understand the role of entrepreneurs is quite different from the ranking based on the share of adults having a favourable image of entrepreneurs (Shleifer, 2013).

Surveys on the characteristics of entrepreneurs, such as which describes the backgrounds of 549 entrepreneurs in the US, give some idea of the most important perceptions and attitudes. In this survey, entrepreneurs tended to be middle-aged and well-educated, but nonetheless 52% had some interest in becoming an entrepreneur when they were in college, and of the 24.5% who indicated that they were extremely interested at that time, almost half went on to start more than two companies. This shows the importance of education in forming perceptions of entrepreneurship. Three quarters of entrepreneurs indicated that building wealth was an important motivation, so attitudes on this topic have some impact. Finally, more than third of respondents stated that the role played by an entrepreneurial friend or family member was important, again showing that more general attitudes will affect individuals in establishing new enterprises (Engle, 2010).

#### d) *Perceived Behavioural Control*

Conceptual and methodological ambiguities surrounding the concept of perceived behavioural control are clarified. It is shown that perceived control over performance of behaviour, though comprised of separable components that reflect beliefs about self-efficacy and about controllability, can nevertheless be considered a unitary latent variable in a hierarchical factor model. It is further argued that there is no necessary correspondence between self-efficacy and internal control factors, or between controllability and external control factors. Self-efficacy and controllability can reflect internal as well as external factors and the extent to which they reflect one or the other is an empirical question. Finally, a case is made that measures of perceived behavioural control need to incorporate self-efficacy as well as controllability items that are carefully selected to ensure high internal consistency (Armitage & Conner, 2010).

Perceived control over performance of behaviour can account for considerable variance in intentions and actions. However, ambiguities surrounding the concept of perceived behavioural control have tended to create uncertainties and to impede progress. The present article attempted to clarify conceptual ambiguities and resolve issues related to the operation of perceived behavioural control. Recent research has demonstrated that the overarching concept of perceived behavioural control, as commonly assessed, is comprised of two components, self-efficacy and controllability. Contrary to a widely accepted view, it was argued that self-efficacy expectations do not necessarily correspond to beliefs

about internal control factors, and that controllability expectations have no necessary basis in the perceived operation of external factors. Instead, it was suggested that self-efficacy and controllability may both reflect beliefs about the presence of internal as well as external factors. Rather than making a priori assumptions about the internal or external locus of self-efficacy and controllability, this issue is best treated as an empirical question (Elfving, 2009).

Also of theoretical significance, the present article tried to dispel the notion that self-efficacy and controllability are incompatible with, or independent of, each other. Although factor analyses of perceived behavioural control items provide clear and consistent evidence for the distinction, there is sufficient commonality between self-efficacy and controllability to suggest a two-level hierarchical model. In this model, perceived behavioural control is the overarching, ordinate construct that is comprised of two lower-level components, the self-efficacy and controllability. This view of the control component in the theory of planned behaviour implies that measures of perceived behavioural control should contain items that assess self-efficacy as well as controllability. Depending on the purpose of the investigation, a decision can be made to aggregate over all items, treating perceived behavioural control as a unitary factor, or to distinguish between self-efficacy and controllability by entering separate indices into the prediction equation. (Shaver, 2011)

#### e) *Subjective Norms*

Subjective norms are the perceived social pressure to engage or not to engage in behaviour. Drawing an analogy to the expectancy value model of attitude, it is assumed that subjective norm is determined by total set of accessible normative beliefs concerning the expectations of important referents. Specifically, the strength of each normative is weighted by the person's motivation to comply with the referent question, and the products are aggregated, as shown in the following equation. The relative importance of the different motivational antecedent attitudes toward the behaviour, the subjective norm and perceived behavioural control in predicting intention varies. Depending on the type of behaviour and the nature of the situation, one or two intentional antecedents might dominate over the other when predicting the intention. Although the TPB can be applied to entrepreneurial behaviour there are conflicting outcomes between the relative contribution of the attitudes, the subjective norms and the perceived behavioural control. Generally, three critical issues have been held responsible for the conflicting outcomes in research on entrepreneurial intention. The first of them may be linked to measurement issues with respect to the subjective norm, for which contradictions have been especially striking (Liñán & Santos, 2010).

In this sense, the origin of entrepreneurship is set in social processes and individual discrepancies in sociability may boost the predictive power of the subjective norm. Therefore, this factor -which reflects a person's perceived social pressure to perform a specific behaviour or not- demands more attention. Defined subjective norms as the sum of the products of the 'normative beliefs' of individuals about the perceived opinion of reference people (e.g., family, closest friends, other important people), with the 'motivations to comply the extent to which the individual cares about those perceived opinions. Nevertheless, significant dissimilarities can be found in the quantification of this cognitive variable in entrepreneurship research (Ajzen, 2011).

Others chose simplified measures of subjective norms, reflecting for instance the environment of students or measuring on a 0 - 100 scale the opinion of the respondents on whether their family and friends would want them to start up (Krueger et al., (2013). In studies using simplified items, the subjective norm tends to be non-significant, while those applying the more complex measure 'subjective norms motivations to comply' confirmed that the subjective norm significantly explains venturing intention. In their Meta-analysis, considered the kind of subjective norm measures that were applied (multiple items, single item, normative beliefs x motivations to comply, social support, normative beliefs and other) as a moderating variable of the relationship between the subjective norm and intentions. Multiple item measures of normative beliefs scored generally better than 'normative beliefs x motivations to comply' measures. The second critical issue relates to the possible existence of indirect influences between the motivational antecedents of entrepreneurial intention (Armitage & Conner, 2010).

Thus, the subjective norm, to the extent that it reflects perceived values in the individual's environment, may be considered as a form of cognitive social capital. Therefore, these values received from others around may partly determine personal attitude and perceived behavioural control. Since this line of reasoning may be contradictory with the simpler initial TPB model, a comparison of both alternatives may be justified. Consequently, this study will try to gain a better understanding of these indirect effects. Two versions of the intention model will be taken into consideration. a) Model A is the original Theory of Planned Behaviour. This model includes possible impacts of personal attitudes, subjective norms and perceived behavioural control on intention, but also considers the correlations between each of the three antecedents of intention. b) Model B is a modified model in which subjective norms explain personal attitude and perceived behavioural control, whereas the three motivational constructs explain the entrepreneurial intention. Based on the literature, we therefore pose this initial set of hypotheses

about the alternative models and measures to test the effect of subjective norm on the entrepreneurial intention. Subjective norms have a positive direct impact on entrepreneurial intentions (models A and B) (Liñán & Santos, 2010).

Subjective norms positively influence attitudes towards entrepreneurship and perceived behavioural control (model B). The simple multi-item subjective norm measure is superior to the measure combining normative beliefs with the motivations to comply (models A and B). The third critical point that potentially explains the differences between the results of studies on entrepreneurial intention is linked to the environment of their respective samples. Subjective Norms and Contextual Aspects Although subjectivity can be considered as a collective phenomenon a common collection of global and non-domain specific psychological evaluations of behaviour, norms, particular perceptions of specific attributes of phenomena it has so far mainly been discussed from an individualistic perspective. From this individualistic point of view, values, norms and beliefs play a key role in the formation of intentions. Individuals hold certain beliefs in the outcomes of performing a specific behaviour and evaluate these results; they also hold beliefs about the opinions of others and about their own capabilities. Consequently, their decisions about behaviour are based on these perceptions and beliefs. Individuals do consider their environment when judging and evaluating behaviours and opportunities: an environment that encompasses both objective (such as macroeconomic indicators or regulatory frameworks) and subjective factors (such as the cultural background or ongoing political debates) (Shaver & Scott, 2011).

The economic situation at the national level, assessed by factors such as GDP per capital, general unemployment rates or social benefits which should themselves be correlated to the fear of financial insecurity would therefore be expected to partly explain the level of start-up intention in the population of that nation. Besides the macroeconomic indicators, burdensome regulations, such as business registration, have also been found to hamper venturing. Regarding the socioeconomic variables, income level, labour conditions or business entry regulations may all affect individual perceptions about entrepreneurial activity. The first of these factors is most often measured through GDP per capital. This is one of the most prominent economic variables in research literature dealing with the drivers of entrepreneurial activities. Some studies provided evidence of low levels of total entrepreneurial activity in countries with a fairly high GDP per capital, i.e., with a rather wealthy population. Others reported the contrary, showing a positive correlation between GDP per capital and levels of self-employment. Recent findings harmonize these conflicting outcomes by suggesting a shaped relationship (Bruhn, 2011).

Thus, entrepreneurial activity decreases with income level up to a point, from which a small positive relationship is found. A second very relevant macroeconomic factor is the unemployment rate, which is most often used as an indicator of labour conditions or opportunity costs of starting-up. Several research works have approached this relationship from different perspectives. In this way, at the aggregate level put forward the 'entrepreneurial' effect, suggesting that entrepreneurship reduces unemployment. In this two-way causation, the 'entrepreneurial' effect dominates the unemployment push. On the other hand, at the individual level, unemployed persons: (i) do not enjoy the advantages of a paid job and the related relative financial security, and (ii) they also develop a less critical attitude towards the likely losses of starting-up (Audretsch, 2012).

For unemployed individuals, the positive perception of the potential gains from setting up a business dominated the possible losses of such an activity. Nevertheless, in the present study, the effect of the national-level unemployment rate on each individual's perception is considered. Higher levels of unemployment may indicate a reduced demand due to an economic downturn, which would mean less expected chances of success and profits, making individuals feel less attracted towards start-up and seeing less economic opportunities. In this sense, the unemployment rate is more directly linked to the relative entry and exit rates, and not to the aggregate self-employment stock. Therefore, aggregate unemployment may be expected to negatively influence the entrepreneurial intention of individuals. The third objective factor that will be subject of this analysis is business entry regulations. This factor significantly distinguishes countries (Ritsilä & Tervo, 2010).

With a few exceptions, Civil Law countries for instance tend to regulate business entry more heavily than their Common Law equivalents (Djankov, La Porta, Lopez-de-Silanes & Shleifer, 2013). The link between entry regulation and entrepreneurship has received frequent attention. Findings suggest the existence of a strong relationship between entry regulations and the

actual entry rates. This line of research resulted in a popularity of reforms aiming to facilitate start-up regulations. The World Bank's most recent Doing Business report (2010) points out that, in 2008/2009, 61 economies recognized the importance of reducing entry barriers and introduced reforms to make it easier to start a venture.

During the period since the first publication of the Doing Business report in 2003, three-quarters of the economies have implemented such changes in regulations. Important correlated sub-categories of business entry are time needed to register a business and procedures needed to complete for registration. Therefore, the following set of hypotheses may be formulated regarding the influence of socioeconomic variables on entrepreneurial intention and the subjective norm: H2a. The GDP per capita is associated with the entrepreneurial intention, while the unemployment rate and the days to start-up have a negative impact on entrepreneurial intention. H2b. The GDP per capita is associated with the subjective norms, while the unemployment rate and the days to start-up have a negative impact on subjective norms (Krueger et al., 2009).

Additionally, authors such as emphasize the coexistence of perceptual factors and macroeconomic environment as highly-influential variables for entrepreneurial decisions. An important subjective environmental factor is cultured a set of values characteristic to a particular society or group. The socio-cultural environment moderates the exploitation of an opportunity through the desirability thus through attitudes and subjective norms of venturing and through the evaluation of these activities. Thus, besides the objective environmental context, culture fosters the country effect as well. It motivates members of a community to engage in activities that may not be appropriate or evident in other countries or societies. While favourable attitudes towards entrepreneurial profit seeking in a society, for instance, encourage the willingness to choose such a career path negative attitudes have the opposite effect (Scott, 2011).

#### Conceptual Framework

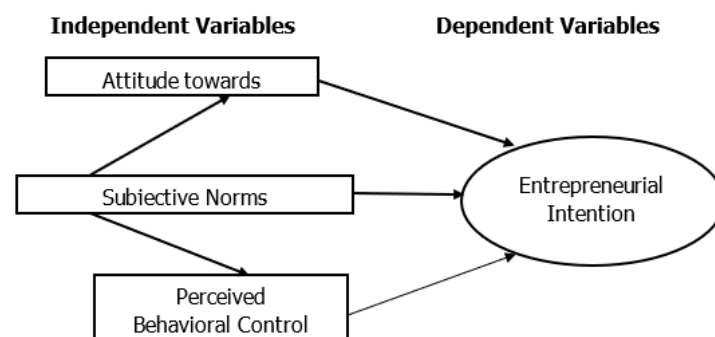


Figure 1: The conceptual framework of study.

### Hypothesis

$H_{o_1}$  - there is no significant relationship between subjective norms and personal attitude towards becoming entrepreneur and perceived behavioral control.

$H_{o_2}$  - there is no significant relationship between entrepreneurial intentions and personal attitude towards becoming entrepreneur, subjective norms, and perceived behavioral control.

## III. METHODOLOGY

### a) Research Locale

This study was conducted in Davao del Sur State College (DSSC) formerly known as a Southern Philippines Agri-Business and Marine and Aquatic school of Technology-Digos Campus, Mati, Digos City.

### b) Research Design

This study used described research design to determine the factors affecting the entrepreneurial intentions of college students in Davao del Sur State College (DSSC) formerly known as a Southern Philippines Agri-Business and Marine and Aquatic school of Technology-Digos Campus, Mati, Digos City.

### c) Respondents of the study

The respondents of this study was the college students in Davao del Sur State College (DSSC) formerly known as a Southern Philippines Agri-Business

and Marine and Aquatic school of Technology-Digos Campus, Digos City Davao Del Sur. To whom the researcher will collect responses in determining the entrepreneurial intentions of third-fourth year business students who are enrolled in Bachelor of Science in agri-business, bachelor of science in education major in technology and livelihood education and bachelor of science in accounting technology.

### d) Determination of the Sample Size

Purposive sampling was used in the identification of the respondents of the study. Once the total samples have been identified per community under study, the researcher computed the required number of samples for the study. Slovin's formula was used to determine the total samples with 5% of error.

Formula:

$$n = N / 1 + N(e)^2$$

Where:

$n$  = sample size

$N$  = total population

$e$  = margin of error

$n = 293 / 1 + 293(0.05)^2$

$n = 293 / 1 + 293(0.0025)$

$n = 293 / 1 + 0.73$

$n = 293 / 1.73$

$n = 169$  no. of sample size

**Table 1:** Distribution of sample respondents of the 3rd and 4th year business who enrolled bachelor of science in agri-business (BSAB), bachelor of science education major technology and livelihood education (BSED-TLE) and bachelor of science accounting technology (BSAT)

Programs	No. of students	Sample size
BSAB (4 <sup>TH</sup> Year)	130	75
BSAB (3 <sup>RD</sup> Year)	84	48
BSED-TLE (4 <sup>TH</sup> Year)	37	22
BSED-TLE (3 <sup>TH</sup> Year)	22	13
BSAT (3 <sup>RD</sup> Year)	20	11
<b>Total</b>	<b>293</b>	<b>169</b>

### e) Sampling Design and Technique

This study employed non-probability or purposive sampling design and quota sampling techniques. Although "convenience" sampling is sometimes motivated by mere accessibility, an added value can be that it allows selection of participants who share certain desired characteristics such as the respondents are the business students. Quota sampling was done by getting the required sample size of the respondents per course.

### f) Research Instrument

A researcher's prepared questionnaire was used to gather necessary information. It is categorized into two (2) parts. Part I focus on the demographic

profile of the respondents. Part II entrepreneurial intention of business students in Davao del Sur State College (DSSC) formerly Southern Philippines and Marine and Aquatic School of Technology (SPAMAST)-Digos Campus, Digos City, Davao Del Sur.

The basis of interpreting the responses of the participants is presented below:

Range of Means	Descriptive Level	Interpretation
4.50-5.00	Very high	This means that the item statement on the entrepreneurial intention of business students is always manifested.
3.40-4.19	High	This means that the item statement on the entrepreneurial intention of business students is oftentimes manifested.
2.60-3.39	Moderate	This means that the item statement on the entrepreneurial intention of business students is sometime manifested.
1.80-2.59	Low	This means that the item statement on the entrepreneurial intention of business students is rarely manifested.
1.00-1.79	Very Low	This means that the item statement on the entrepreneurial intention of business students is never manifested.

#### g) Data Gathered

The data gathered in this study includes the demographic profile and the entrepreneurial intention of college students in Davao del Sur State College (DSSC) formerly Southern Philippines and Marine and Aquatic School of Technology (SPAMAST)-Digos Campus, Digos City, Davao Del Sur.

#### h) Data Gathering Procedure

Gathering the necessary data for the study was done through the following steps:

1. Secured letter to conduct the study from the adviser/department chairman was observed;
2. Courtesy call was done in the research area before the conduct of the study;
3. Gathered of empirical data with the use of a prepare structured survey questionnaire supplement with an actual or personal interview by the researcher;
4. Results was tabulated and interpreted by the researcher with the coordination of research adviser and verification of statistician.

#### i) Statistical Tool

The researcher utilized percentage, frequency, mean, and ANOVA in interpreting and analyzing the data gathered.

Percentage is a number or ratio that represents a fraction of 100. It was utilized in rating responses per indicator.

Frequency is the number of repeating event occurrences per unit of time. It has been used in each indicator to count the number of responses.

Mean defined as average of the numbers. It is used to determine the level of financial management system.

Multiple Regression Analysis is a powerful technique used for predicting the unknown value of a

variable from the known value of two or more variables-also called predictors.

## IV. RESULT AND DISCUSSION

Discussed in this chapter are the result and findings of the study, it is based on the sequence of the study objectives beginning with the respondent's profile, level of the attitude towards becoming an entrepreneur, perceived behavioral control, subjective norms and entrepreneurial intention of business students.

#### a) Demographic Profile

Shown in the table 2 is the profile of the respondents. It is categorized into five groups, the courses, year level, age, ethnicity and civil status. In terms of courses, majority of the respondents was Bachelor of Science in agri-business (72.78%), followed by Bachelor of Science in Education major of Technology and Livelihood Education (20.71%), then Bachelor of Science in Accounting Information system (BSAIS) (6.50%). For year level majority of respondents were 4<sup>th</sup> year (57.39%), and 42.60% was 3<sup>rd</sup> year. Base on the age, majority of the respondents was 23-25 years old (40.23%), followed by 20-22 (38.46%), 25 above (11.24%), and 18-20 (10.05%). In terms of ethnicity, majority of the respondents were Cebuano (73.37%), followed by indigenous people (IP) (24.85%), Tagalog (0.59%), Ilocano (0.59%), and maguindanaon (0.59%). In terms of civil status, all of the respondents were single (100%).



*Table 2:* Demographic Profile of Respondents

Indicators	F	%
<b>Courses</b>		
BSAB	123	72.78
BSAT	11	6.50
BSED-TLE	35	20.71
<b>Year Level</b>		
3 <sup>rd</sup> year	72	42.60
4 <sup>th</sup> year	97	57.39
<b>Age</b>		
18-20	17	10.05
20-22	65	38.46
23-25	68	40.23
25 above	19	11.24
<b>Ethnicity</b>		
Cebuano	124	73.37
Maguindanaon	1	0.59
Ip's	42	24.85
Tagalog	1	0.59
Ilocano	1	0.59
<b>Civil status</b>		
Single	169	100
Married	0	0

The level of personal attitude toward becoming entrepreneur, perceived behavioural control, subjective norms and entrepreneurial intention

The level of personal attitude toward becoming entrepreneur, perceived behavioural control, subjective norms and entrepreneurial intention of business students was high. Being an entrepreneur implies more advantages were scored 3.89 to business students. The attraction of a career as an entrepreneur was rated high with 4.05 mean. Opportunity and resources, like to start a business rated very high with 4.21 mean. Entrepreneurship as option, was rated high with 4.07 mean. Satisfaction as entrepreneur was rated also high with 4.01 mean. Generally, the attitude towards becoming an entrepreneur of business students is high with (4.05) mean or manifested most of the time. To support this outcome, the attitudes towards entrepreneurial behavior are a function of one's beliefs that performing the behaviors will lead to various outcomes and the evaluations of the outcomes. Therefore, if behavioral beliefs suggest that positive outcomes might be obtained by engaging in a specific behavior, individuals would likely have a positive attitude towards that specific behavior (Cavazos-Arroyo et al., 2017).

The Level of perceived behavioral control of business students was high level. Easiness to start a business and keep it working was rated high (3.51). Ability to control the creation process of a new business rated high (3.61). Having a complete control over the situation to start and run a business was high (3.73). Preparedness to do anything to be an entrepreneur was high (3.76). Knowing all about the necessary practical details needed to start a business rated high 3.61 mean.

Trying to start a business, have a high chance of being successful was high (3.79). Generally, the level of perceived behavioral control of business students is high with 3.66 total mean or manifested most of the time. To support this outcome, the search for understanding the lens through which nascent entrepreneurs' approach or perceive opportunities is a cornerstone of entrepreneurship research carrying significant practical implications. An important step in understanding how nascent entrepreneurs perceive opportunities is by understanding their perception of control over their environment. While the constructs that form the psychological capital construct, hope, resilience, optimism, and self-efficacy are all revered characteristics and highly associated with entrepreneurs, the consequences of these being applied to situations where the individual actually has a misplaced sense of control may have dire consequences (Mario Hayek, 2014).

The level of subjective norms of business students had high level. Friends, approval to start a business was high (3.49). Immediate family approval to start a business was also high 3.73 mean. Generally, the level of subjective norms of business students is high with overall total 3.61 mean or manifested most of the time. To support this outcome, the student's existing skills and capabilities do not prove to be a significant predictor of their intentions to become entrepreneurs. The study concludes that the students can become successful entrepreneurs even without existing entrepreneurial skills and capabilities, provided that they have the entrepreneurial attitude, desirability and support by the community (Yousaf et al. 2015).

The level of entrepreneurial intentions of business students had the overall mean rating of 4.05, described as high. The rating of being ready to do anything to be an entrepreneur was high (4.04). Professional goal to be an entrepreneur was high (3.99). Making every effort to start and run own business was high (4.11). Determining to create a business venture in the future was high (4.07). To support this outcome, the business students' desires to engage in entrepreneurial endeavors is merely a behavior, which is intentionally planned. In this vein, competing models have been reported in the literature in an attempt to understand entrepreneurial intention phenomenon with Shapero's model of the entrepreneurial event taking the lead followed by Ajzen's Theory of Planned Behavior. The former model emphasized perceived desirability, perceived feasibility and propensity to act while the latter model introduced personal attitude, subjective norm, and perceived behavior although conceptually both models' proposed constructs are somewhat similar or identical. These constructs are widely used in the literature to understand the entrepreneurial intention in various contexts.

However, viewing it from an academic institution's perspective flagged that entrepreneurial education is equally important in activating entrepreneurial intention among students who are nascent entrepreneurs of the future. Therefore, this study is an attempt to suggest a conceptual framework linking entrepreneurial tendency driven by the Theory of Planned Behavior and entrepreneurial intention. Additionally, entrepreneurial education is proposed as a mediator in understanding the relationship between entrepreneurial tendency and entrepreneurial intention. This research also offers relevant supporting literature

and direction for future empirical investigation in order to contextualize this study (Baskaran et al. 2019).

Presented in table3 is the overall mean of attitude towards becoming entrepreneur, perceived behavioral control, subjective norms and entrepreneurial intention of business students. Attitude towards becoming entrepreneur and entrepreneurial intention has a the same mean 4.05, followed by perceived behavioral control 3.66, then subjective norms is 3.61 mean and described as a high. To support this outcome, the entrepreneurial intention, personal attitude, perceived behavioral control and subjective norms plays an important role in the decision of business students about venturing into business and be an entrepreneur in the future after they graduate. Research confirms that intentions play an important role in the decision to start a new firm. The findings indicate that although they hold a positive attitude towards entrepreneurship, both U.S. and Turkish students show a low level of entrepreneurial intention. Confirming prior work, the findings also indicate that there is a statistically significant relationship among personality attributes of optimism, innovativeness, risk-taking propensity and entrepreneurial intention. In a new line of inquiry, experiential activities known to promote creative thinking—exposure to other cultures, new experiences and art events—were found to contribute to perceived innovativeness. Both U.S. and Turkish students expressed a need for more training and education on entrepreneurship to start a new business. As U.S. students perceived a high level of risk associated with entrepreneurship, Turkish students evaluated the economic and political conditions of home country quite unfavorably to start own business (Ozaralli & Riven burgh, 2016).

**Table 3:** Over-All total mean of attitude towards becoming an entrepreneur, perceived behavioral control, subjective norms and entrepreneurial intention of business students

Indicators	Overall Mean	Description
Attitude towards becoming entrepreneur	4.05	High
Perceived behavioral control	3.66	High
Subjective norms	3.61	High
Entrepreneurial intention	4.05	High
<b>OVERALL TOTAL MEAN</b>	<b>3.84</b>	<b>High</b>

#### b) *Significant relationship of the variables*

Presented in table 4.1 is the significant relationship between subjective norms and personal attitude towards becoming entrepreneur and perceived behavioural control. Base on the result of attitude towards becoming entrepreneur and subjective norms obtained r-value 0.11, which is interpreted as very weak positive linear relationship. It obtained p-value higher than 0.05 level, thus failed to reject the null hypothesis

(Ho). This denotes that there is significant relationship between the two variables. The perceived behavioral control and subjective norms obtained r-value 0.54, interpreted as a Moderate linear relationship and obtained p-value lower than 0.05 level, thus, the null hypothesis (Ho) is rejected. This means that there is no significant relationship between the two variables.

**Table 4.1:** Significant relationship between subjective norms and personal attitude towards becoming entrepreneur and perceive behavioural control

Variables	r-value	Interpretation	p-value	Decision on Ho
ATBE*SN	0.11	Very weak positive linear relationship	0.129	Failed to reject
PBC*SN	0.54	Moderate positive linear relationship	2.9E-14	Reject

*Legend:*

ATBE- attitude towards becoming entrepreneur  
PBC- perceived behavioral control  
SN- subjective norms

Presented in table 4.2 is significance relationship between business student, entrepreneurial intention when analyzed by subjective norms, attitude towards becoming entrepreneur, and perceived behavioral control. The personal attitude towards becoming entrepreneur and entrepreneurial intention obtained r-value of 0.63, Strong positive linear relationship, obtained a p-value lower than 0.05 level this means that there is significant relationship between the two variables. The entrepreneur intention and

perceived behavioral control with r-value 0.06, Very weak positive linear relationship obtained p-value higher than 0.05 level, thus failed to reject null hypothesis (Ho). This denotes that there is no significant relationship between two variables. Base on the result, entrepreneur intention and subjective norms obtained r-value 0.23 which is interpreted as weak positive linear relationship. It obtained a p-value higher than 0.05 level, thus failed to reject the hypothesis (Ho). This denotes that there is no significant relationship between the two variables.

**Table 4.2:** Significance relationship between business student, entrepreneurial intention when analyzed by subjective norms, attitude towards becoming entrepreneur, and perceived behavioral control

Variables	r-value	Interpretation	p-value	Decision on Ho
ATBE*EI	0.63	Strong positive linear Relationship	8.6E-20	Reject
EI*PBC	0.06	Very weak positive linear relationship	0.410	Failed to reject
EI*SN	0.23	Weak positive linear relationship	0.002	Reject

*Legend:*

ATBE – attitude towards becoming entrepreneur  
SN – subjective norms  
PBC – perceived behavioral control  
EI – entrepreneurial intention

The main finding is that attitudes have the strongest and positive effect on entrepreneurial intentions. This research contributes to the study of entrepreneurship as it uses the theory of planned behavior in the context of the UAE amongst active entrepreneurs. Implications for theory and practice are discussed (Fenech, R., et al. 2019). Examined how subjective norms, attitudes and entrepreneurship self-efficacy influence the entrepreneurial intentions in the Mexican population. They found support for their hypothesis stating that subjective norms, attitudes and entrepreneurial self-efficacy have a positive effect on

social entrepreneurial intention (Cavazos-Arroyo et al. 2017). Similarly, within the Indonesian contest found that attitudes, subjective norms and self-efficacy have a positive and significant influence on the intention of entrepreneurship (Utami, 2017).

Presented in table 5 is the problem encountered of business students, based on the result majority of the business students encountered a financial problem rated (63.31%) followed by the subject difficulty (12.42%), lack of motivation (9.46%), friends (7.10%), school environment (3.55%) and the business students have no problem rated (4.14%).

**Table 5:** The problem encountered of business students

Problem Encountered	F	%
Financial problem	107	63.31
Lack of motivation	16	9.46
Subject difficulty	21	12.42
Friends	12	7.10
School environment	6	3.55
None	7	4.14

## V. CONCLUSION AND RECOMMENDATION

### a) Conclusion

Based on the result and findings of the study, the researcher concluded the following:

1. Respondents were Bachelor of Science in Agri-Business, 4<sup>th</sup> year college business students, 23-25 year's old, Cebuano and single.
2. Business students manifested entrepreneurial intentions often times. The same manifestation with subjective norms, attitude towards becoming entrepreneur and perceived behavioral control.
3. Entrepreneurial intentions of the business students were weak and strong positively affected by subjective norms and attitude towards becoming entrepreneur, respectively. Perceived behavioral control was affected by subjective norms.
4. Business students encountered financial problem.

### b) Recommendation

Based on the finding of this study, the following recommendation are given:

1. Establish business center for experiential activities for the business students.
2. Business students need to attend the management training about business and invite successful businessman to be a guest speaker.
3. School need more review to the syllabus base on the variables of the particular subject.

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# An Empirical Investigation into the Impact of Electronic Banking on the Economic Growth of Nigeria

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**Keywords:** e-banking, automated teller machine, point of sale, web pay.

**GJMBR-A Classification:** DDC Code: 338.9 LCC Code: HD75.5



AN EMPIRICAL INVESTIGATION INTO THE IMPACT OF ELECTRONIC BANKING ON THE ECONOMIC GROWTH OF NIGERIA

*Strictly as per the compliance and regulations of:*



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Ifeoma Maria Ihegboro

**Abstract-** This study assesses the impact of electronic banking on economic growth in Nigeria between 2009 and 2019. To examine the impact of Automated Teller Machine (ATM), Point of Sale (POS), Web Pay and mobile banking on economic growth in Nigeria. Expost-Facto Design was adopted wherein data was guaranteed from Central Bank of Nigeria (CBN) statistically bulletin for various years 2009 and 2019. Regression analysis was employed as the major estimation method. The Auto regression Distributed Lag (ARDL) form of regression was used as a result of the advantages that it has over other forms of regression. However, the result of study showed that E-banking had significant impact on economic growth. Aim and MB were found to have a positive impact on economic growth while POS and WB showed negative impact. The result of the study further shows that there is a long-run relationship between e-banking and economic growth and that E-banking Granger causes economic growth. The researcher recommended that mobile banking had significant impact on the growth rate of Nigeria economy. Base on finding the study, we suggest that government should provide enabling environment improvement in internet security in order to promote economy growth in Nigeria.

**Keywords:** e-banking, automated teller machine, point of sale, web pay.

## I. INTRODUCTION

According to Onodugo, Ifeanyi (2015) before the emergence of Information technology financial transaction was carried out manually, this manual method involve the use of ledger cards, also the counting of money and posting of figures manually. This method is not 100 percent accurate and is therefore is prone to human error which makes the transactions inefficient and effective as errors in form of miscalculation, wrong posting and displacement of document are prone to exist. This short comings of the manual method lead to the adoption of Information technology as a model to limits the challenges of the manual method. Information technology according to (Safeena & Date 2010; Uduji, 2013) refers to the use of software, hardware, services, and the supporting infrastructures to manage and deliver information via a voice, data, and video. The introduction of IT have changed the entire business process in an unprecedented manner (Uduji, 2013). This reflect in all

sectors of the economy including the banking sector, with the introduction of Electronic-banking. Prakash and Malik (2008) defined electronic banking as "the use of technology to communicate instructions and receive information from a financial institution where an account is held". They went further to explain electronic banking services include the arrangement that allows bank customers access accounts, carry out business transactions, and receive information on financial products and services online.

E-banking aims at innovating, developing, and strengthening the competition in the banking industry (Oluwatolani, Joshua, & Philip, 2011). The adoption of electronic banking have driven numerous changes in the banking industry starting from the distribution channels as evidenced with the introduction of automated teller machine (ATM), point of sale (POS), internet banking, mobile-banking, telephone-banking, PC-banking, etc.(Galiup, 2008). These technologies have replaced the manual based process and reduce the use of paper based payment instruments. Omotayo (2007) defines electronic banking as a system in which funds are moved between different accounts using computerized on line/real time systems without the use of written cheque. According to Edet, (2008) in international Journal of investment and finance, electronic banking is defined as a system by which transactions are settled electronically with the use of electronic gadgets such as ATMs, POS terminals, GSM phones, and V-cards e.t.c. handled by e-holders, bank customers, and stake holders. The link between financial sector and economic growth has been debated in financial and economic literatures. Growth theorists posit that a well-developed financial sector facilitates economic growth (Hicks, in Balago, 2014). while later theories Levine and Zervos (1996) argue that financial systems do not enhance economic growth rather respond economic growth. Theories however, posits that bank development of effective payment can enhance bank performance and in turn encourage economic growth. Studies by Cobb (2004) posit that electronic payments can also enhance improve financial transparency, government efficiency, encourage higher consumption and facilitating economic growth. As observed by Farrel and Saloner (1985) ebanking can reduce the operational cost of the bank as a result of speed associated with the use of

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information technology to bring about low value added transaction such as bill payment and balance inquiries process through online network.

Currently, almost commercial banks in country have customized payment platform like debit and credit cards as well as operation of ATM switch networking systems (Oyewole et al. 2013). This evolution which commenced in the early 2000s was characterized with the prevalent adoption of electronic banking by almost all the banks in Nigeria in view of the cashless policy of the Central Bank of Nigeria and the emergence of technological innovations in the banking industry. Today, Nigeria banking industry has been characterized by the deployment of ATMs, internet, phones and Point of Sale (POS) as electronic payment tools (Okoro, 2014).

Innovations and investments in high tech IT applications and business models have no doubt improved banking service greatly and also provided for efficiency and safety in payment systems through innovative payment solutions such as web pay channels, Point of sale terminals, ATM etc. Babatunde and Salawudeen (2017) opines that Nigerian banks have no doubt invested much on technology; and have widely adopted electronic and telecommunication networks for delivering a wide range of value added products and services. They have in the last few years transformed from HE manual to automated systems. Unlike before when ledge cards were used, today banking has been connected to information technology networks, thereby facilitating the practice of inter-banking and inter branch banking transactions Like it is all over the world, the banking sector plays a vital role in the entire financial system in Nigeria. This study therefore seek to understand the relation between of the economic growth and e-banking.in Nigeria.

## II. LITERATURE REVIEW

### a) *Empirical review*

Amos, Umar, Busari, Ekpe, and Kolawale (2020) examined the effect of electronic banking on bank performance in Nigeria. The study utilized secondary data derived from the audited annual financial statement of the deposit money bank quoted on the Nigeria stock exchange from 2008 to 2017. The study also made use of journals, textbooks, Nigeria stock exchange fact books, the Central Bank of Nigeria (CBN) Bullion and other published materials using the multiple regression analysis techniques, the finding reveal that c-banking measured by return on equity (ROE), return on asset (ROA), and earning per share (EPS) has no significant impact on the performance of deposit money banks in Nigeria. The study recommended that for effectiveness of electronic banking, there should be rigorous campaign and awareness for clients to patronize the facilities.

Amu, Nathaniel, and Nwezeaku (2016) studied the relationship between electronic banking and the performance of Nigerian commercial banks. Electronic proxied by customers' deposits. Engle-Granger co-integration model was used to analyse data for the sample period January 2009 to December 2013. The results show that POS is not co-integrated with both the savings and time deposits but are co-integrated with demand deposits. It is recommended that the monetary authorities and commercial banks should embark on an all inclusive enlightenment campaign for the banking public on the benefits, convenience and importance of adopting ebanking channels in completing their transactions.

Ogbeide, Nwamaka, and Ishiuwu (n.d.) examined the impact of electronic banking on economic growth in Nigeria. It further determined if there exists a long-run relationship between c-banking and economic growth in Nigeria employing the Auto-regressive Distributed Lag (ARDL) bond testing technique. Economic growth (RGDP) was regressed on some measures of e-banking (Automated Teller machine, Mobile banking, Web banking and Point on Sales Terminal) for the period 2009 to 2014 quarterly data. The Pairwise Granger Causality test was also adopted to determine the direction of causality. The results of the study showed that c-banking had significant impact on economic growth. ATMs and MB were found to have a positive impact on economic growth while POS and WB showed a negative impact. One naira increase in the use of ATM and MB leads to 4.2489 and 19.8707 increases in RGDP respectively while one naira increase in POS and WB leads to 15.262 and 53.757 naira fall in RGDP. The result of the study further showed that there is a long-run relationship between ebanking and economic growth and that c-banking Granger causes economic growth in Nigeria. The study thus recommended the improvement of the technological base of the country and policy measures to encourage the efficient performance of the banking sector as well as a regulation and control of the banking activities.

Ozsoz, and Helvacioğlu (2008) studied the impact of internet banking on the performance of commercial banks in Turkey from 1996 to 2000. A sample of 14 was adopted for this study. Commercial banks profitability measures include return on assets (ROA), Margin of Interest, return on equity (ROE) which served as the dependent variables. Findings revealed that in the first year of adopting internet banking, there was no positive performance between internet banking and profitability of commercial banks. While in the second and subsequent years. Some improvements in performance were seen such that return on equity (ROE) had a positive and significant relationship with internet banking. However, return on assets (ROA) had a positive but insignificant relationship with internet banking.

Francesca, and Peter (2008), conducted a comparative analysis of the effect of electronic banking on performance in four European countries namely UK, Spain, Finland and Italy. The study adopted panel data method from 1995 to 2004 using 46 banks. The dependent variables were return on assets (ROA) and return on equity (ROE). Findings revealed that banks involved in only on line banking services and those involved in mixed internet, banking services do not have any clear differences. However, the study showed that internet banking has a significant impact on European countries

Enoruwa, Ezuem, and Nwani (2019) examined the relationship between electronic banking and bank performance in Nigeria adopting data sourced from the Central Bank of Nigeria (CBN) bulletin for the period 2009 to 2017. Regression Analysis was used to test the strength and nature of relationship between the dependent and independent variable. The performance of the Nigerian banking sector was proxied by Total Bank Deposit while transaction values of Automated Teller Machine (ATM Debit Cards), Mobile Banking, Point of Sales (POS) and Web Pay was used as proxy for electronic banking. The correlation results show that electronic channel products (ATM, POS, Web pay, Mobile Pay) are positively and significantly related to bank performance. The regression result also showed that all the predictors are highly correlated to each other.

Abaenewe, Ogbulu, and Ndugbu (2013) this study investigated the profitability performance of Nigerian banks following the full adoption of electronic banking system. The study became necessary as a result of increased penetration of electronic banking which has redefined the banking operations in Nigeria and around the world. Judgmental sampling method was adopted by utilizing data collected from four Nigerian banks. These four banks are the only banks in Nigeria that have consistently retained their brand names and remain quoted in the Nigerian Stock Exchange since 1997.

The profitability performance of these banks as measured in terms of returns on equity (ROE) and returns on assets (ROA). With the data collected, we tested the pre- and post-adoption of ebanking performance difference between means using a standard statistical technique for independent sample at 5 percent level of significance for performance factors such as ROE and ROA. The study revealed that the adoption of electronic banking has positively and significantly improved the returns on equity (ROE) of Nigerian banks. On the other hand and on the contrary, it also revealed that e-banking has not significantly improved the returns on assets (ROA) of Nigerian banks. The findings of this study have motivated new recommendations for bank customers, bank management and shareholders with regard to electronic banking adoption for banking operations.

### III. METHODOLOGY

The study adopted an ex-post facto design since it dealt with data that had already been compiled. Also, since the study is focused on the cause-effect relationship among variables and investigates variables that cannot be observed experimentally, such as those studies in this work. Descriptive Research design complimented the ex-post facto design given that the study is quantitative in nature.

The data used for the study was secondary data. The datasets were sourced from the central bank of Nigeria statistical bulletin for various years, the World Bank database and from other relevant websites. In addition, the datasets were annualized time series.

The model for this study was structured to empirically reveal the impact of electronic banking on economic growth in Nigeria. The variables used include Mobile Banking, Internet Banking, Automated Banking and economic growth proxied by Gross Domestic Product (GDP). The model follows the classical linear regression equation adapted from Books (2014) thus:

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_n + e \quad \text{eq.1}$$

To capture the impact of electronic banking on economic growth in Nigeria, the essential variables are fitted into the classical linear regression model (CLRM) as shown thus  $GDP = f(\text{Electronic Banking System})$

To capture the various sectors, GDP is unbundled into Mobile Banking, Internet Banking,

Automated Banking and Economic Growth to reflect the GDP hypotheses.

The model were presented as follows thus:

Model:

$$GDP = \beta_0 + \beta_1 MB + \beta_2 IB + \beta_3 AB + e$$

Where:

GDP = Gross Domestic Product proxy for Economic Growth

MB = Mobile Banking

IB = Internet Banking

AB = Automated Banking

e = Error Term

Constant,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  Coefficient of the independent variables.

Apriori expectation =  $\beta_1 + \beta_3 > 0$  and  $\beta_4 < 0$

## IV. RESULT AND DISCUSSION

## a) Data Presentation

Table 4.1: The various variables used in our analyses are firstly presented in table below:

YEARS	ATM –N-	ATM-TRANS – ON-	GDPQ	INRERNET	MOBILEBAN KING –N-
2010Q1	20.86	2587623.	12583478	1.12	0.29
2010Q2	26.91	3730691.	12934531	1.42	0.46
2010Q3	38.30	6149955.	14304438	3.31	0.61
2010Q4	47.17	7576268.	14789817	2.49	0.86
2011Q1	111.17	26537335	14501448	8.04	1.11
2011Q2	121.56	28381017	15054961	7.34	1.24
2011Q3	129.16	29179176	16163642	2.12	1.67
2011Q4	158.69	31759139	17260346	2.37	2.31
2012Q1	151.60	28896601	16450360	2.12	0.36
2012Q2	161.08	30600815	17743633	2.31	1.64
2012Q3	166.57	31665063	18521601	2.51	2.42
2012Q4	182.30	34000106	18998342	3.57	6.08
2013Q1	203.75	21606314	18295632	3.79	7.63
2013Q2	225.03	23948024	19931016	3.12	9.64
2013Q3	243.08	25567503	20464396	4.10	11.31
2013Q4	271.12	27309139	21401520	4.76	19.03
2014Q1	261.35	27601100	20169778	5.53	22.12
2014Q2	284.12	30901210	21734830	4.71	24.72
2014Q3	342.64	37398440	22933144	6.31	28.83
2014Q4	338.52	37466751	24205863	8.12	39.83
2015Q1	312.65	33957223	21041701	7.59	30.54
2015Q2	320.81	34911205	22859153	5.68	33.48
2015Q3	337.16	36704113	24313637	7.46	36.44
2015Q4	352.79	38956667	25930469	9.79	47.00
2016Q1	356.66	41596729	22235315	10.56	45.08
2016Q2	378.16	45463562	23547467	8.76	56.09
2016Q3	415.60	51055678	26537651	10.25	74.35
2016Q4	512.28	58630343	29169059	14.54	76.77
2017Q1	500.68	59654903	26028356	15.53	86.86
2017Q2	514.74	62601810	27030250	12.36	98.41
2017Q3	519.58	64695576	29377674	15.19	79.78
2017Q4	610.85	79897410	31275354	18.45	102.27
2018Q1	522.98	70790284	28438604	20.25	109.71
2018Q2	534.51	72472654	30699567	17.75	136.86
2018Q3	530.34	73423457	33368049	70.40	165.88
2018Q4	572.32	75153374	35230608	73.84	197.65
2019Q1	513.09	67653224	31824350	35.88	33.56
2019Q2	566.39	73886648	34944152	38.75	385.21
2019Q3	540.98	70942146	37806924	40.19	476.04

Source: Central Bank of Nigeria Statistkal Bulletin, 2019

Secondly, descriptive statistics of the variables and their correlation matrices are presented in table 4.2 and 4.3 respectively.

Table 4.2: Basic Descriptive Statistics of the Variables under Study

Options	GDPQ	NO	ATM	INTERNET	NG
Mean	230.79	41.819	323.6	13.92	75.41
Median	22.23	35.80.	328.9	7.52	32.01
Std. Dev.	671.16	21.76	20.86	1.12	0.29
Skewness	0.376	0.148	178.94	17.45	126.36
Kurtosis	2.242	2.031	0.058877	2.172	2.647
Jarque-Bera	1.852	1.711	1.750	7.16	9.486
Observations	40	40	40	40	40

Source Researcher compilation from E-views 10.00



Table 4.2 shows descriptive statistics of the variables. Descriptive statistics used to measure the impacts of electronic banking on economic growth in Nigeria. The aggregate mean of GDPQ (230.79), NO (41.819), ATM (323.6), INTERNET (13.92) and NG (75.41) respectively. Median option discuss like GDOQ (22.79), NO (35.80), ATM (328.9), INTERNET (7.52) and

NG (32.01). Standard Deviation GDPQ (671.16), NO (21.76), ATM (20.86), INTERENT (1.12) and NG (0.29). The Skewness which measure symmetry or departure from symmetry and Kurtosis which is a measure of peakedness or flatness of the distribution or series are also shown. The Jarque -Berastatistics generally suggests there is no normality.

#### b) Correlation Matrix

Table 4.3: Correlation Analysis Result

VARIABLE	GDPGR	CLAIMS	DD	INCOME	LADY	MCAP
GSPQ	-	-	-	-		
ATM TRANS	0.934920 16.02586 0.0000	-	-	-		
ATM NO	0.960853 21.09534 0.0000	0.95 7648 20.23020 0.0000	-	-		
INTERNET	0.778731 7.550455 0.0000	0.727510 6.449924 0.0000	0.674740 5.560939 0.0000	-		
MOBILE BANKING	0.789587 7.826869 0.0000	0.689617 5.792497 0.0000	0.667476 5.45250 0.0000	0.693084 5.848411 0.0000	-	-

Source: Extracted from E-views Version 10

From the results all the series share bivariate and significant correlation one with another. This is evidenced by the fact that their respective correlation

coefficients are positive or negative and the probability values of the associated t-statistics are respectively significant by all being less than 0.05.

#### c) Graphical Presentation

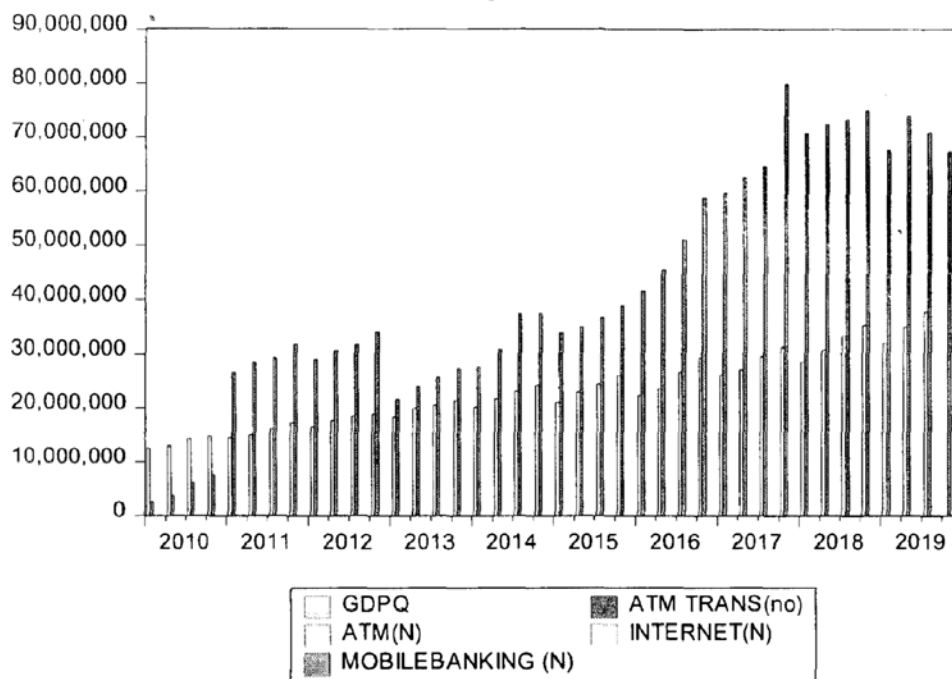


Figure 4.1: The statistical relationship between GDPGR and the explanatory variables is further shown in the graph.

The graphical representation can be used to understand the trend of the various macroeconomic variables from 2010 to 2019. According to the graph in

figure 4.1, it shows that all the independent variables from 2010 showed staggered movement.



The ARDL test results for hypothesis one are presented in box 4.5.1 below:

LOG (MB) Coeff	=	0. 173552
t	=	(0.048175)
Se	=	[-3.602538]
PVALUE	=	0.002<0.05

Source: Extract from ARDL Regression Model Estimation Results.

As revealed, Mobile banking showed significant impact to the growth rate of the Nigeria economy (coefficient of Mobile banking = 0.1735, t-value 0.048175). This indicates that 17% increase in GDPGR in Nigeria is due to 1% increase in Mobile banking, The probability value of 0.0000>0.05 confirms the

significance of the result. Given the t-statistics of mobile banking (-3.6025) and the probability of t-statistics 0.001 >0.05 being significant, we reject the null hypothesis and conclude that mobile banking had significant impact on the growth rate of the Nigeria economy.

The ARUL test results for hypothesis two are presented in box 4.5.2 below:

LOG (MB) Coeff	=	0. 823344
t	=	(0.159879)
Se	=	[0.15989]
PVALUE	=	0.001<0.05

Source: Extract from ARDL Regression Model Estimation Results.

ATM showed significant impact on the growth rate of the Nigeria economy (coefficient of ATM = 0.823344, t-value = 0.159879). This indicates that a one percent 82% increase in GDPGR output in Nigeria is due to 1% increase in ATM, The probability value of 0.0000>0.05 confirms the significance of the result.

Given the t-statistics of ATM (-3.6025) and the probability of t-statistics 0.001 >0.05 being significant, we reject the null hypothesis and conclude that ATM had significant impact on the growth rate of the Nigeria economy.

The ARDL test results for hypothesis three are presented in box 4.5.3 below:

LOG (MB) Coeff	=	0. 2499
T	=	(7.158155)
Se	=	[0.034916]
PVALUE	=	0.0000<0.05

Source: Extract from ARDL Regression Model Estimation Results.

Internet banking showed significant impact on the growth rate of the Nigeria economy (coefficient of INTB 0.2499, t-value = 7.158155). This indicates that a 1% growth in internet banking in Nigeria causes a 24% increase in the growth rate of the economy. The probability value of 0.0000>0.05 confirms the significance of the result. Given the t-statistics of Internet banking (0.034916) and the probability oft-statistics 0.001 >0.05 being significant, we reject the null hypothesis and conclude that Internet banking had significant Impact to the growth rate of the Nigeria economy.

encourage the efficient performance of the banking sector as well as regulation and control of the banking activities.

E-banking is playing a major role that it's improving the service quality and strengthen the banking sector because of the electronic payment, there is an increase in customer satisfaction level, increase in productivity, reduction in cost of banking operations, settlement faster and in large volume.

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## V. CONCLUSION AND RECOMMENDATION

The internet banking in economic growth in Nigeria should recommend the improvement of technological base of the country and policy measure to

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# The Moderating Factor of Social Capital and Capability Development as Entrepreneurial Orientation Enablers for SMEs Business Performance in Nigeria

By Blessing Obehi Ayemhere

**Abstract-** Social capital and capability development have been determined as effective business orientation enablers in achieving good business performance. To understand the effect of entrepreneurial orientation on business performance, there were a number of findings that were recorded in this research based on the notable variables. Six hundred questionnaires were provided to SMEs in Nigeria where 67% of the population provided their honest and reliable opinion.

Normality tests on the collected data were conducted by examining Kurtosis, Skewness, Shapiro-Wilk test and Komogorov-Smimov test. It is required that for normality condition to be met, the Sig. value of the Shapiro-Wilk and Kolmogorov-Smimov is expected to be greater than 0.05 and if less than 0.05, then the data significantly deviate from normal distribution. The result of this study shows that the Shapiro-Wilk and Kolmogorov-Smimov Test is less than 0.05, hence, the data is not normally distributed. According to Pallant (2013, p.59), the skewness value provides “an indication of the symmetry of distribution” while the kurtosis value provides “information about the “peakness” of the distribution”.

**Keywords:** *entrepreneurial orientation, social capital, capability development.*

**GJMBR-A Classification:** DDC Code: 302.4 LCC Code: HM741



*Strictly as per the compliance and regulations of:*



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Normality tests on the collected data were conducted by examining Kurtosis, Skewness, Shapiro-Wilk test and Kolmogorov-Smirnov test. It is required that for normality condition to be met, the Sig. value of the Shapiro-Wilk and Kolmogorov-Smirnov is expected to be greater than 0.05 and if less than 0.05, then the data significantly deviate from normal distribution. The result of this study shows that the Shapiro-Wilk and Kolmogorov-Smirnov Test is less than 0.05, hence, the data is not normally distributed. According to Pallant (2013, p.59), the skewness value provides "an indication of the symmetry of distribution" while the kurtosis value provides "information about the "peakness" of the distribution".

It has also been validated from the quantitative study that both social capital ( $P < .10$ ) and capability development ( $P < .10$ ) have significant impact on SME performance and positive. The major findings from the research indicated that the direct effect of entrepreneurial orientation on business performance are positive and significant. Also, social capital and capability development as moderators were a notable significant factor that helped to affect business performance; these were variables that affect business performance in the long run.

**Keywords:** *entrepreneurial orientation, social capital, capability development.*

## 1. INTRODUCTION

Entrepreneurial orientation (EO) is the behavior, structure, and process of an organization characterized by risk-taking, proactiveness, and innovativeness (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003; Walter et al. 2006). It is an important notion applied by business leaders in creating strategies to venture into novel things and take up opportunities strategically ahead of other organizations (Bonillo, 2017; Lumpkin and Dess 1996).

Entrepreneurial Orientation represents one construct that is connected to firm's success (Palmer et al., 2019; Semrau et al., 2016; Wales et al., 2013). The entrepreneurial orientation appears to be focal construct in entrepreneurship and strategic management fields in recent years (Morris and Kuratko, 2002; Palmer et al., 2019). Knight et al. (2004) argues that entrepreneurial Orientation is seen as a cultural construct consisting of a firm's level of risk-taking, innovativeness and proactiveness (Covin and Slevin, 1989; Miller, 1983).

Within the economy, there are several challenges facing SMEs which tend to undermine their growth and market penetration. Some of the notable challenges include lack of access to finance which tend to limit business expansion and growth. The only available finances from commercial banks attract huge interest and possess complex conditions which are impossible for the SMEs to meet. It therefore means SMEs will require grants and support from the government to succeed in the market. In addition, SMEs also face the challenge of lack of training and managerial skills at the leadership level. It means employees lack necessary training that will equip them with modern business operations in the market. Training for the employees can be done by the government or non-profit organizations.

In Nigeria, there is no precise and straightforward definition for small and medium scale business. Through its Monetary Policy Circular No. 22 of 1988, The Central Bank of Nigeria defined small-scale enterprises as having an annual turnover not exceeding 500,000 naira. The Nigeria Bank of Industry (BOI) define micro businesses as those with less than or equal to 10 employees, less than or equal to 5 million naira total asset value and turnover of less than 20 million naira. The Bank of Industry further classified small enterprises as those with greater than 11 but less than 50 employees and, total assets of more than 5 million but less than or equal to 100 million naira with an annual turnover of less than 100 million naira. Medium businesses are classified by BOI as those with between 51 to 200 employee, 100 to 500 total assets and 100 million annual turnover (Bank of Industry, Nigeria 2020).



There is also an expanding literature among the scholars which explores the theory of social capital and its relation to firm's performance (Appiah-Gyimah, 2018; Criado-Gomis et al., 2017; Hernández-Carrión et al., 2017). Studies state that through social capital, individuals in a business network can harness their resources to create competitive advantages over other businesses. Accordingly, all firms are always searching for business strategies that can generate a competitive edge over rivals. Previously, firms become successful by having good managers, clear division of labor and well-designed procedures. But as has been observed by (Appiah-Gyimah, 2018), these orthodox techniques are quickly becoming obsolete in the current world of dynamic businesses. Consequently, social capital is becoming relevant.

The business market is now changing very fast. Businesses need leaders or owners who are innovative, creative, and critical thinkers. The leaders also need to think independently and to establish business relations that will lead to collaboration. The benefits associated with the growth of SMEs to the local Nigerian economy are increasing each year. Stam (2014) also indicated that; social capital indirectly affects firms' performance by giving the business owners access to competitive abilities, access to information, legitimacy, emotional support, and capital inform of finances. Social capital is also known to enhance the internal resources of a business.

Introduction of capacity development strategies such as financial management, human resource and talent development as well as information management system have a direct connection with organization performance. For example, financial management is defined as the process of managing different financial resources to ensure profit maximization goal is attained (Boma, 2018). Its goal is to ensure that available financial resources are utilized to maximize the outcomes of business. It therefore means that capacity development has a great effect on entrepreneurial orientation towards business performance. Organizational performance can mostly be improved by training the employees and system automation that helps to increase employees' motivation levels (Serrat, 2017). This study empirically demonstrates how entrepreneurial orientation (EO) affects Business Performance (BP), in the context of Social capital and capability development in Nigeria.

## II. LITERATURE REVIEW

### a) *The evolvement of the Entrepreneurial Orientation*

Entrepreneurial orientation is defined as the behaviors, structures, and processes of an organization characterized by risk-taking, being proactive, and innovativeness. It is a crucial concept applied by business leaders in creating strategies to venture into

novel things and take up opportunities out of the rich of other organizations (Bonillo, 2017; Lumpkin and Dess 1996).

The term entrepreneurial orientation became famous with growing literature on organizational performance and entrepreneurship in the 1980s. But up to the early 2000s, researchers yet have divergent opinions on what constitutes entrepreneurship, let alone entrepreneurial orientation. George & Marino (2011) however argued, this disagreement was due to the weakness in measuring variables that the researchers used, but even with this struggle, the progress in the field of entrepreneurship research has been promising.

Furthermore, Dess & Lumpkin (2005) defined entrepreneurial orientation as the process that organizations use in creating strategies for entrepreneurial and decision undertakings. Entrepreneurial orientation has borrowed a lot from other disciplines, including entrepreneurship and strategic decision making. Studies like that of Wiklund Patzelt & Shepherd (2009) have shown that the firms that go the EO way are faced with several issues. Most of the problems that these firms face are in the form of scarce resources and risk-taking. There are always significant problems associated with risk-taking with a limited amount of resources. Therefore, Wiklund Patzelt & Shepherd (2009) indicated that it is not sufficient to have the mere knowledge of the negative and positive effect of firm performance. Estimating the expected magnitude of the use of EO on a business's performance is also crucial.

In addition, a 2012 study on Strategic Entrepreneurial Orientation: Development of a Multi-Dimensional Construct, the researcher highlighted that courses in the fields of organizational strategy and entrepreneurship have, in most cases, developed to separate from each other without collaborations. The two disciplines are focused on two different but related paths. Strategic management focuses on moves that bring about good behavior while entrepreneurship focuses on activities that create opportunities.

### b) *Social capital Theory*

The concept of social capital was appreciated in the academic field and policy debates in the last two decades (Dubos, 2017). Over the years, the importance of social capital has increased in deciphering social and economic phenomena. Development experts and social scientists have, for years, struggled to explain why development and economic growth often differ across nations or geographical areas that have roughly equal access to market, resources, and technology.

The main argument supporting Social Capital Theory is that embedded and innate in the specific network ties of various social entities are resources, which can be used to the advantage of the individual entity for the achievement of desired goals or

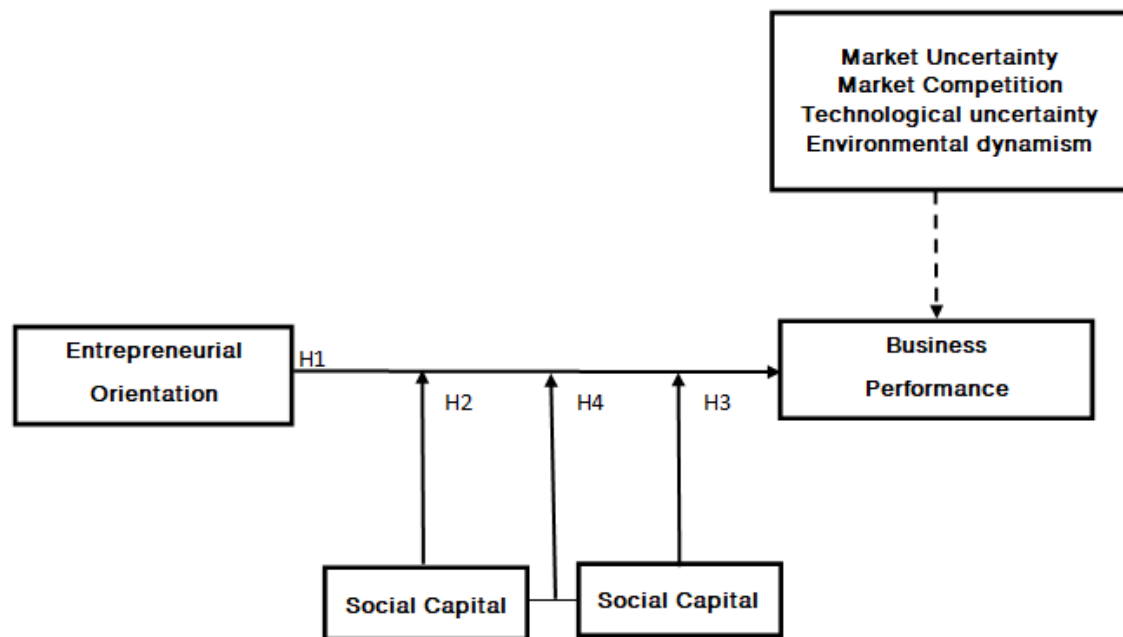
predetermined outcomes (Liao & Welsch, 2005; Tsai & Ghoshal, 1998). Specially, supporters of this theory observed that regular interactions with other actors in the target entity's network generates perceived common norms, codes, common interpretations and understanding (Tsai & Ghoshal, 1997; Woolcock, 2001). This leads to developing honesty, mutual respect, trust and subsequent non-opportunistic behavior thus placing the target business in the position to boost its capability for value creation, resource conversion and resultant performance.

Several attempts have been made to proffer a definition of SC. These capture combinations of the effect, substance and source of social capital (Adler & Kwon, 2002) e.g. "The goodwill available to individuals or groups that is derived from the structure and content of an actor's social relations" (Acquah, Amoako-Gyampah, & Nyathi, 2014) and "the sum of actual and potential resources embedded within, available through, and derived from the network of relationships

possessed by individuals or social units (Nahapiet & Ghoshal, 1998, p. 243). Although there is no formal definition for the word social capital, there are commonalities in the existing reports. Social Capital, therefore, relates to the social structures and relationships. It encompasses people knowing each other and building on kindness, trust, respect, and reciprocity. In a recent study, Appiah-Gyimah (2018) defined social capital as the cumulative potential and actual resources present, derived, and embedded from the mesh of the relationships owned by a social unit or an individual.

#### c) Conceptual Framework of the Study

The independent variables used are the five dimensions of entrepreneurial orientation: innovativeness, risk-taking, competitive aggressiveness, autonomy, and Proactiveness (Lumpkin & Dess, 1996). Business performance represents the dependent variables, as shown below.



The variables moderating the relationship between entrepreneurial orientation dimensions and organizational performance are social capital and capability development. Also, there are control variables such as market competition, market uncertainty, technological uncertainty and environmental dynamism.

#### d) The relationship between Entrepreneurial Orientation and Business Performance

Entrepreneurial orientation is defined as the behaviors, structures, and processes of an organization characterized by risk-taking, being proactive, and innovativeness, autonomy and competitive aggressiveness. It is a crucial concept applied by business leaders in creating strategies to venture into novel things and take up opportunities (Bonillo, 2017;

Lumpkin and Dess 1996). It is also useful for the nation's business propensity for small-scale business owners to be couched and educated to successfully grow their business and contribute to the nation's economic well-being.

The study sought to test the following hypothesis (dependent vs independent variables);

*H<sub>1</sub>: Entrepreneurial Orientation can positively affect business performance*

#### e) The relationship between the Social Capital of an entrepreneur and Business performance

Entrepreneurs in SMEs are key decision makers, especially in developing economies. Their responsibility includes overcoming resources constraints, which limits the successful execution of the

organization's business agenda and may even lead to its extinction. Especially in a volatile and frequently changing business environment, which necessitates the adoption of a management strategy that will position the firm for competitive advantage (Lumpkin & Dess, 1996; Martins & Rialp, 2011; Covin & Slevin, 1989; Cao, Simsek, & Jansen, 2015) the entrepreneur's ability to acquire leading strategic information and resources through his relationships positively affect the firm's business performance.

Further, the study sought to test the following hypothesis (dependent vs. moderating variables - Social Capital);

$H_2$ : The moderating effect of social capital will enhance the positive relationship between EO and BP.

f) *The relationship between Capability Development of the entrepreneur and Business Performance*

Businesses operate in a dynamic and unpredictable environment, these dynamics lead them to revise their routines due to the volatility of the environment (March, 1991). The new routines that the firms develop form the foundation of their knowledge bases. However, along with these new capabilities, the firm also develops the capacity to change routines and integrate them into their operations. The capability that a business owner possess will play a pivotal role in the business success or failure especially in a period of rapid change and disruptions. We measured Capability Development using a 5 point Likert scale adapted from Madsen, E.L. (2012)

Further, the study sought to test the following hypothesis (dependent vs. moderating variables – capability development);

$H_3$ : The relationship between EO and BP will be strengthened by capability development as a moderator.

Due to the connection between SC and CD towards business performance, Criado-Gomis et al. (2017) assert the essence of the relationship between social capital and capability development as effectors towards boosting enterprise performance leading to the fourth hypothesis:

$H_4$ : The combined effect of social capital and capability development as moderators can enhance business performance

### III. METHODOLOGY

Research philosophy refers to assumptions and beliefs about the development of knowledge (Wahyuni, 2012). The effect of new knowledge is not as dramatic as developing a new theory of human motivation but in the sense of answering specific queries. According to Killam (2013), knowingly or not, a researcher makes several assumptions in areas such as epistemology, ontology, and axiology. Epistemology deals with human

knowledge. Ontology deals with the realities that a researcher encounters during the research process, and axiology deals with the ways and extent of researchers' values on the research process. The three assumptions are said to be contributing factors in influencing the understanding of the research questions. This study chooses to go the pluralism way decided by several philosophies. Each of the research philosophies is useful in its measure. These are ontology, epistemology, and axiology.

a) *Ontological perspective*

This work researched the effect of entrepreneurial orientation on firm's performance and the moderating role of social capital and capacity development, this study uses both the subjective and objective ontological perspectives. The Ontology of the researcher is focused on the nature of its reality (Ward Sr, 2015; Kivunja, 2017). The assumption affects how the researcher sees and studies the research object. It is a proven fact that some scholars think that the ontological perspective is far removed from the intended research project.

The ontological question enables researchers to set a fact-finding mission about the views or what is already known (Adil & Khalid, 2016). In this study, and from the assumption above, business performance is greatly influenced by entrepreneurial orientation, especially through social capital and capability development. Therefore, when viewed subjectively, the social phenomena (business performance) are intrinsically determined by the entrepreneurial orientation factors, i.e., social capital and capability development.

Objectivism accommodate the assumptions in natural sciences claiming that the social reality that researchers investigate is that of external actors (MacLeod, 2015). In other words, objectivism endorses the assumption of ontology. By extension, this is because ontology portrays social reality to be composed of physical entities as part of the natural world. The two exist separately in terms of how a researcher labels them, thinks or knows about them. Objectivism is at the direst form of belief which asserts that all actors share in the only existing way of social reality. That is caused by the experiences and expectations of the social actors that have no influence on the social world's presence.

Subjectivism on the other hand, integrates humanities and arts assumptions, claiming that social reality is caused by human perception and the actors' implications in the social environment (MacLeod, 2015). The main social actors that shape reality are human beings. The viewpoint of ontology through subjectivism is called conventionalism, which is what is regarded as standard. The extremist form of conventionalism considers the structures and order of things in social reality areas due to researchers and other social actors'

actions. The social actors create a social reality through actions, perceptions, language, and the consequence of their actions. This wise is followed by people who believe that there is no underlying reality of the social world past what social actors make (MacLeod, 2015). Each person has different perceptions regarding existence. As such, there are multiple realities instead of a single reality.

#### b) *Epistemological perspective*

Given that both objective and subjective ontology has been adopted, the researcher used the mixed method research paradigm, the assumptions made include knowing what makes up legitimate and acceptable know-how and how it is shared with others (Marshall & Rossman, 2014). This perspective takes into the shape of what constitutes knowledge through the use of ontology. The legitimate use of ontology epistemology is based on the different forms of experience, including fictional accounts, stories, and narratives, facts of interpretation, visual data, and text. Other social scientists adopt different epistemologies in their investigations (Hofmann, 2013).

Positivism refers to the philosophical standpoint of natural science. It describes the working with an observable social reality to make new generalizations that are law-like. Positivism pushes for accurate and accurate know-how (Marshall & Rossman, 2014).

The origin of interpretivism was from the researcher against the philosophy of positivism (Packard, 2017). As a critic of positivism, interpretivism spans the subjectivist assumptions. The philosophy asserts that humans are not like the physical phenomena due to their essential features of creating meanings. The philosophy of interpretivism claims that people cannot be studied with their social world the same way that scientists learn physical things in their environment. Therefore, the study of the social world needs a take a different perspective.

The pragmatism philosophy postulates that concept should only be used where they support actions (James, 2017). Some people think pragmatism was developed by those who were busy or against using the different options of philosophy available. The origin of the philosophy is traced back to the early years of the US's twentieth century. It is evident (James, 2017) in various philosophers, including John Dewey, James William, and Charles Pierce. It nullifies the inclusion of research concepts, theories, hypotheses, and findings when they do not serve an abstract purpose.

The paradigm emphasizes on the outcomes. The pragmatist study may vary in terms of objectivism and subjectivism (Nissen, 2015). The research approach to the topic or subject is generally characterized by doubts and the urgent sense that something is not going in the right way. It naturally recreates the same beliefs of distrust after the research problem has been

determined and resolved. The most crucial part of pragmatist research is the research problem. The resultant research questions also adopt the pragmatic sense regarding the outcome (Sparkes, 2012; (Dewey, 2016).

This study will use the pragmatic philosophy because it appreciates the different approaches and interpretations of the world. It also recognizes that no single point of view can give the entire picture of a subject. It does not entertain the idea that social reality can be explained in a singular tone as pragmatism studies uses mixed methods to study a problem. The chosen methods are only those that are well-founded, credible, reliable, and relevant in collecting data (James, 2017).

#### c) *Axiology perspective*

Axiology focuses on the part of values and ethics in a study process. The stance integrates how social scientists handle personal as well as participant's costs. This stance claims human costs as the guiding reason for all human actions. Rescher (2013) argues that the researcher uses their values as the guiding mantra for all the research practices. A researcher also integrates axiology skills by making judgments regarding the type of research based on values.

#### d) *Research approach*

There are three basic approaches that a researcher can adopt for his research project. These are the abductive approach, deductive and the inductive style.

The Abductive research style is focused on the explanation of puzzles and incomplete observations. The other alternative is the inductive approach, which uses research questions, aims, and study objectives without the inclusion of hypotheses (Imenda, 2014). The deductive approach evaluates the validity of the study hypothesis, theories, or assumptions at hand. It begins with puzzles that lead to research based on explanations (Repko & Szostak, 2020). The study will also take the mixed methods design in which quantitative and qualitative data will be utilized to explore the research question rigorously.

## IV. RESULT DISCUSSION

#### a) *Initial Data Preparation*

Six hundred (600) questionnaires were administered to the Nigeria small and medium enterprises (SMEs); out of which four hundred and two (402) were filled and returned, representing a response rate of 67%. The responses were coded and entered into the SPSS software (version 23) where the data was sorted and cleaned. Outliers were identified by employing its command on SPSS software and outliers found were treated by deleting the corresponding responses. The responses were rated on a 5-points



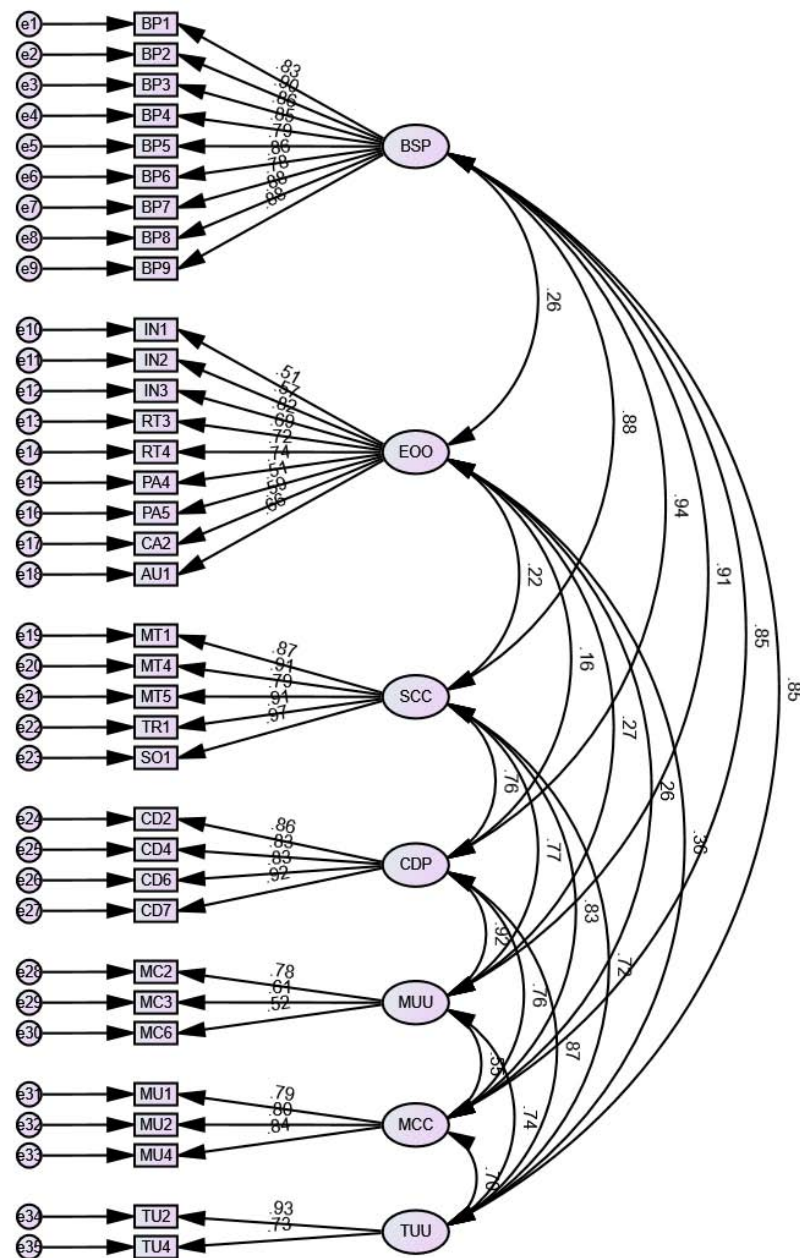
Likert scale where: 5= Strongly Agree 4= Agree 3= Neutral, 2= disagree and 1 = strongly disagree.

Normality tests were conducted by examining Kurtosis, Skewness, Shapiro-Wilk test and Komogorov-Smimov test. It is required that for normality condition to be met, the Sig. value of the Shapiro-Wilk and Kolmogorov-Smimov is expected to be greater than 0.05 and if less than 0.05, then the data significantly deviate from normal distribution. The result of this study shows that the Shapiro-Wilk and Kolmogorov-Smimov Test is less than 0.05, hence, the data is not normally distributed. According to Pallant (2013, p.59), the skewness value provides "an indication of the symmetry

of distribution" while the kurtosis value provides "information about the "peakness" of the distribution".

#### b) Confirmatory Factor Analysis

This study adapted validated scales used by researchers from reputable studies. A confirmatory factor analysis (CFA) was conducted using AMOS 23 to confirm the usability and validity of the measurement constructs. The diagrammatic connections of the interrelationship among the variables is presented in figure 2 below. The variables that made the threshold of 0.5 will be accepted in the CFA. The result shows that variables accepted in the CFA are confirmed and made the threshold of >0.5.



BP = Business Performance, IN,IR,PA,CA,AU = Entrepreneurial Orientation, MT,TR,SO = Social Capital, CD = Capability Development, MC = Market Competition, MU= Market Uncertainty and TU = Technology Uncertainty.

Figure 2: Confirmatory Factor Analysis (CFA)



## V. VALIDITY AND RELIABILITY

Subsequently, the model was tested to determine if it satisfies the requirement for discriminant validity, convergent validity and reliability. The factor loadings from the CFA result was used to compute the Composite Reliability (CR), Average Variance Extracted (AVE) for each individual construct (Fornell & Larcker, 1981; Hjorth, 1993). Factors loadings of 0.5 are accepted, Cronbach alpha ( $\alpha$ ) values should be 0.6 and above for each of the constructs, which met the recommendation by Nunnally (1978).

The result of reliability and convergent validity test is presented in Table 2

### a) Business Performance

The variable of business performance was measured by using nine items. The construct achieved a Cronbach alpha of 0.958, composite reliability of 0.958 and average variance extracted of 0.72. Subsequent to these findings, convergent validity is met for the variable of business performance.

### b) Entrepreneurial Orientation

The variable of entrepreneurial orientation was measured by using nine items. The construct achieved a Cronbach alpha of 0.807, composite reliability of 0.868 and average variance extracted of 0.50. Given this result, it can be concluded that the variable meets the condition for reliability and validity.

### c) Social Capital

The variable of social capital was measured by using five items. The construct achieved a Cronbach alpha of 0.946, composite reliability of 0.950 and

average variance extracted of 0.79. Subsequent to these findings, convergent validity is met for the variable of social capital.

### d) Capability Development

The variable of capability development was measured by using four items. The construct achieved a Cronbach alpha of 0.912, composite reliability of 0.919 and average variance extracted of 0.74. Subsequent to these findings, convergent validity is met for the variable of capacity development.

### e) Market Competition

The variable of market competition was measured by using three items. The construct achieved a Cronbach alpha of 0.665, composite reliability of 0.70 and average variance extracted of 0.50. Given this result, it can be concluded that the variable meets the condition for reliability and validity.

### f) Market Uncertainty

The variable of market uncertainty was measured by using three items. The construct achieved a Cronbach alpha of 0.846, composite reliability of 0.852 and average variance extracted of 0.65. Subsequent to these findings, convergent validity is met for the variable of market uncertainty.

### g) Technology Uncertainty

The variable of technology uncertainty was measured by using two items. The construct achieved a Cronbach alpha of 0.846, composite reliability of 0.809 and average variance extracted of 0.69. Subsequent to these findings, convergent validity is met for the variable of market uncertainty.

Table 2: Reliability and Convergent Validity

Model Fit Indexes: $\chi^2 = 221.870$ ; d.f. = 125; $\chi^2/\text{d.f.} = 1.775$ ; RMSEA = 0.046; GFI = 0.938; CFI = 0.930; IFI = 0.932; TLI = 0.915; SRMR: 0.069					
Constructs	Label	Factor Loadings	Cronbach's Alpha	Composite Reliability (CR)	AVE
<b>Business Performance</b>			0.958	0.958	0.72
	My firm is usually satisfied with return on investment	0.837			
	My firm is usually satisfied with return on equity	0.901			
	My firm is usually satisfied with return on assets	0.857			
	My firm is usually satisfied with sale growth	0.851			
	My firm is usually satisfied with employee growth	0.783			
	My firm is usually satisfied with market share growth	0.861			
	My firm is usually satisfied with return on sales	0.786			
	My firm is usually satisfied with net profit margin	0.88			
	My firm is usually satisfied with gross profit margin	0.88			
<b>Entrepreneurial Orientation</b>			0.807	0.868	0.50
	In this organization, entrepreneurial behavior is a central principle	0.51			
	In this organization, innovation is emphasized above all.	0.571			
	In this organization, people are very dynamic	0.815			
	In this organization, people are willing to take risks	0.69			

Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives	0.722
In our organization, information is often spontaneously exchanged.	0.739
In general, the top managers of my firm have a strong tendency to be ahead of others in introducing novel ideas or products	0.512
My firm makes no special effort to take business from the competition	0.602
My firm has the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion	0.658

Table 2: Reliability and Convergent Validity Cont'd

Constructs	Label	Factor Loadings	Cronbach's Alpha	Composite Reliability (CR)	AVE
<b>Social Capital</b>			0.946	0.950	0.79
	During the past three years, you and other top managers at your company have heavily utilized personal ties, networks, and connections with Top managers at buyer firms	0.87			
	During the past three years, you and other top managers at your company have heavily utilized personal ties, networks, and connections with Political leaders in various levels of the government.	0.912			
	During the past three years, you and other top managers at your company have heavily utilized personal ties, networks, and connections with Officials in industrial bodies.	0.785			
	Prior to seeking information/advice from a key contact in my network (e.g., customers, suppliers, and competition) I assumed that he or she would always look out for my interests.	0.908			
	Prior to seeking information/advice from a key contact in my network (e.g., customers, suppliers, and competition) I felt like he or she cared what happened to me.	0.966			
<b>Capability Development</b>			0.912	0.919	0.74
	The employees are encouraged to learn from their experience	0.859			
	The firm has routines which systemize the employees experiences	0.82			
	Continuous work to be more efficient to gain profit	0.844			
	The firm accept to a large extent tolerance of error in association with development of new ideas	0.915			
<b>Market Competition</b>			0.665	0.676	0.50
	There are many "promotion wars" in our industry.	0.77			
	Anything that one competitor can offer, others can match readily.	0.612			
	Our competitors are relatively weak.	0.532			
<b>Market Uncertainty</b>			0.846	0.852	0.65
	Customer needs and product demand change rapidly	0.79			
	In our sector it is difficult to forecast changes in customer needs and demand.	0.803			
	New customers tend to have product needs that are different from existing customers.	0.839			
<b>Technology Uncertainty</b>					
	Technological changes provided big opportunities in our industry.	0.926	0.809	0.820	0.69
	There have been major technological developments in our industry.	0.734			

Source: Fieldwork, 2021.

#### h) Correlation and Discriminant validity

The correlation result shows that the highest correlation coefficient was 0.611, which was the

correlation between entrepreneurial orientation and social capital, whereas, the correlation between capability development and market uncertainty recorded

the lowest correlation with 0.022. Using the benchmark specified by various authors (Gujarati, 2003; Hair et al., 2010), which indicates that when the correlation coefficient between two regressors is high, that is, greater than 0.8, then there is a problem of multicollinearity. None of the correlation matrix between the variables is close to 0.8, hence, we conclude that the variables are free from multicollinearity problem.

## VI. CONCLUSION

An implication for practice established by this study is that it is important for entrepreneurs to note that capability development should not be targeted at employees alone. It is pertinent to understand that business decision making does not rely solely on the employees but on the entrepreneur himself. Entrepreneurs must attend trainings and develop skills that relates to their businesses. The implication of this is that making informed decisions will enhance the growth and sustainability of the business. As the business environment is highly specialised and competitive, capability development in the chosen field is required to sustain business continuity.

Another significant implication of our findings is in the area of social capital. The access to social networks by entrepreneurs needs to be nurtured, failure to recognise and exploit the embedded resources in social capital will limit the performance in business. Exploring available social capital is expected to expand entrepreneur's social network, hence, the importance of utilizing the available ones.

It has also been revealed from the quantitative study that both social capital ( $P < .10$ ) and capability development ( $P < .10$ ) have significant impact on SME performance and positive. The outcome provides key information to entrepreneurs and owners of SME businesses in positioning their firms to take advantage of the benefit of their business social capital and inherent capabilities since such embedded resources has significant impact in improving the fortune of the business.

Interestingly, it has further been revealed from the quantitative study that the effect of social capital and capability development and entrepreneurial orientation was different; the effect of social capital and entrepreneurial orientation is significant and negative, this shows that the relationship between the interaction of social capital and entrepreneurial orientation does not lead to improved business performance. In a similar discovery, the relationship between capability development and entrepreneurial orientation is significant and negative; this also reveals that the congruence of capability development and entrepreneurial orientation will deter growth in business performance. For entrepreneurs that rely on social capital alone or capability development alone as a way

of establishing business, the result of the study is a deterrent to them as, social capital alone or capability alone is not sufficient to delve into SME business and expect that the business will perform well.

However, the quantitative study revealed an interesting twist to the above conversation as the combined effect of social capital and capability development on entrepreneurial orientation was significant and positive. This shows that when the duo of both are combined, it will enhance business performance. Business owners therefore can draw from this implication and strive to ensure that in the quest for entrepreneurial activity, they are mindful of who they know, the association they belong to and the contacts and goodwill they have built but, they must also be mindful of the presence of the requisite capabilities required to carry out the business venture they have embarked on.

Finally, the findings of this study revealed that social capital and capability development is a major supportive resources for the execution of entrepreneurially oriented agenda of SMEs. Indeed, in poorly regulated and structured business environments such as exists in Nigeria and many developing nations, social capital accruing from intra and extra industry connections and capability development arising from training of personnel and deliberate empowerment with relevant skills may well be the differentiator between successful and failed SMEs. SMEs are encouraged to actively pursue these and other source of social capital and capabilities to improve their business in a competitive manner. This researcher however highlights the need for SMEs to closely monitor their allocation of resources in the pursuit of social capital and capability development. There is the need to maintain a delicate balance so that SME performance is not sacrificed on the altar of social capital resources and capability development.

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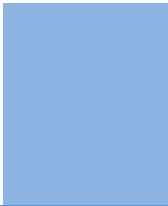
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# PREFERRED AUTHOR GUIDELINES

**We accept the manuscript submissions in any standard (generic) format.**

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Authors can submit papers and articles in an acceptable file format: MS Word (doc, docx), LaTeX (.tex, .zip or .rar including all of your files), Adobe PDF (.pdf), rich text format (.rtf), simple text document (.txt), Open Document Text (.odt), and Apple Pages (.pages). Our professional layout editors will format the entire paper according to our official guidelines. This is one of the highlights of publishing with Global Journals—authors should not be concerned about the formatting of their paper. Global Journals accepts articles and manuscripts in every major language, be it Spanish, Chinese, Japanese, Portuguese, Russian, French, German, Dutch, Italian, Greek, or any other national language, but the title, subtitle, and abstract should be in English. This will facilitate indexing and the pre-peer review process.

The following is the official style and template developed for publication of a research paper. Authors are not required to follow this style during the submission of the paper. It is just for reference purposes.



### ***Manuscript Style Instruction (Optional)***

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

### ***Structure and Format of Manuscript***

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

- a) A title which should be relevant to the theme of the paper.
- b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
- c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
- d) An introduction, giving fundamental background objectives.
- e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
- f) Results which should be presented concisely by well-designed tables and figures.
- g) Suitable statistical data should also be given.
- h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

- i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
- j) There should be brief acknowledgments.
- k) There ought to be references in the conventional format. Global Journals recommends APA format.

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### **Author details**

The full postal address of any related author(s) must be specified.

### **Abstract**

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

### **Keywords**

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, "What words would a source have to include to be truly valuable in a research paper?" Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

### **Numerical Methods**

Numerical methods used should be transparent and, where appropriate, supported by references.

### **Abbreviations**

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

### **Formulas and equations**

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

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Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.



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Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

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## TIPS FOR WRITING A GOOD QUALITY MANAGEMENT RESEARCH PAPER

Techniques for writing a good quality management and business research paper:

**1. Choosing the topic:** In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

**2. Think like evaluators:** If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

**3. Ask your guides:** If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

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**7. Revise what you wrote:** When you write anything, always read it, summarize it, and then finalize it.

**8. Make every effort:** Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

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**10. Use proper verb tense:** Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

**11. Pick a good study spot:** Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

**12. Know what you know:** Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

**13. Use good grammar:** Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice. Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

**14. Arrangement of information:** Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

**15. Never start at the last minute:** Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

**16. Multitasking in research is not good:** Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

**17. Never copy others' work:** Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

**18. Go to seminars:** Attend seminars if the topic is relevant to your research area. Utilize all your resources.

**19. Refresh your mind after intervals:** Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

**20. Think technically:** Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.



**21. Adding unnecessary information:** Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

**22. Report concluded results:** Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

**23. Upon conclusion:** Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium through which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

## INFORMAL GUIDELINES OF RESEARCH PAPER WRITING

### Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

### Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

*The introduction:* This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

### The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

### General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

**To make a paper clear:** Adhere to recommended page limits.

### Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.



- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

#### **Title page:**

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

**Abstract:** This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

*Reason for writing the article—theory, overall issue, purpose.*

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

#### **Approach:**

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

#### **Introduction:**

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

*The following approach can create a valuable beginning:*

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.



**Approach:**

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

**Procedures (methods and materials):**

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

**Materials:**

*Materials may be reported in part of a section or else they may be recognized along with your measures.*

**Methods:**

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

**Approach:**

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

**What to keep away from:**

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

**Results:**

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.



**Content:**

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

**What to stay away from:**

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**Approach:**

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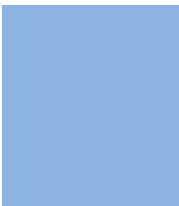


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