

## Effect of Entrepreneurial Orientation in Shaping Strategic Management Practices in SMEs

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### **Abstract**

**Aim:** This study aims to examine the effect of entrepreneurial orientation on shaping strategic management in SMEs.

**Methods:** This study employed a descriptive research design. The study targeted the top management of the mid-size SMEs in Lagos, Nigeria. A sample size of 278 managers was selected through stratified random sampling. Primary data was collected by use of semi-structured questionnaires. Data was analyzed using SPSS version 26 and included descriptive and inferential analysis.

**Results:** The findings indicate that a strong entrepreneurial orientation positively influences strategic management practices in SMEs. The studies highlight that EO promotes innovation, risk-taking, and proactive behaviour, which in turn shapes strategic management practices, leading to improved organizational performance.

**Conclusion:** It was concluded that entrepreneurial orientation plays a vital role in shaping strategic management practices in SMEs. By fostering a culture of innovation, risk-taking, and proactivity, SMEs with a strong entrepreneurial orientation can effectively implement strategic management practices that enhance organizational performance.

**Recommendation:** SMEs should cultivate an entrepreneurial orientation by encouraging innovation, risk-taking, and proactive behaviour among employees. This will help shape strategic management practices that drive organizational performance and success.

**Keywords:** *Entrepreneurial orientation, strategic management practices, SMEs.*

## INTRODUCTION

Entrepreneurial orientation (EO) is a concept that reflects a firm's tendency to engage in entrepreneurial activities and embrace innovative and proactive strategies to achieve a competitive advantage (Lumpkin & Dess, 1996). Strategic management practices, on the other hand, encompass the deliberate actions and decisions taken by firms to formulate and implement their long-term goals and objectives (Barney, 1991). The relationship between entrepreneurial orientation and strategic management practices has gained significant attention in the context of small and medium-sized enterprises (SMEs) due to their unique characteristics and resource constraints (Wiklund & Shepherd, 2013).

Entrepreneurial orientation is composed of several dimensions, including risk-taking, innovativeness, proactiveness, autonomy, and competitive aggressiveness (Covin & Slevin, 1989). These dimensions influence the strategic choices and behaviors of SMEs, shaping their overall strategic management practices. Firstly, the dimension of risk-taking reflects the willingness of SMEs to undertake calculated risks in pursuit of new opportunities (Covin et al., 1989). SMEs with a higher degree of entrepreneurial orientation tend to embrace a more risk-taking approach in their strategic decision-making. This may involve entering new markets, developing innovative products or services, or investing in unproven technologies. Such risk-taking behavior influences the formulation of strategic plans that emphasize innovation and differentiation, rather than relying solely on imitation or cost reduction strategies (Lumpkin & Dess, 2011).

Secondly, innovativeness represents the degree to which SMEs introduce novel ideas, products, or processes to the market (Covin et al., 1989). SMEs with a higher level of entrepreneurial orientation tend to prioritize innovation in their strategic management practices. They invest resources in research and development, foster a culture of creativity and experimentation, and actively seek opportunities for disruptive innovation. The strategic management practices of these SMEs are characterized by a focus on continuous product or service improvement, technological advancement, and differentiation from competitors (Wiklund et al., 2013).

Proactiveness, as a dimension of entrepreneurial orientation, reflects the ability of SMEs to anticipate and initiate changes in the market environment (Covin et al., 1989). SMEs with a higher level of entrepreneurial orientation exhibit a proactive approach in their strategic management practices. They actively scan the external environment for emerging trends, identify market opportunities, and take proactive measures to capitalize on those opportunities. This may involve early entry into new markets, strategic alliances or partnerships, or the development of new distribution channels. The strategic management practices of these SMEs are characterized by a focus on market sensing, opportunity identification, and first-mover advantage (Lumpkin et al., 2011).

Autonomy, as a dimension of entrepreneurial orientation, refers to the degree of independence and freedom given to employees within SMEs (Covin et al., 1989). SMEs with a higher degree of entrepreneurial orientation tend to empower their employees and encourage autonomy in their strategic management practices. They foster an entrepreneurial culture that values individual initiative, creativity, and decision-making authority. This autonomy allows employees at all levels to contribute to the formulation and implementation of strategic plans, resulting in a more decentralized and flexible approach to strategic management (Wiklund et al., 2013).

Competitive aggressiveness represents the extent to which SMEs engage in intense competition and pursue aggressive strategies to gain a competitive advantage (Covin et al., 1989). SMEs

with a higher level of entrepreneurial orientation tend to adopt a more competitive and aggressive approach in their strategic management practices. They actively seek to outperform competitors through strategies such as price undercutting, aggressive marketing campaigns, or rapid product innovation. This competitive aggressiveness may influence the formulation of strategic plans that emphasize market share expansion, customer acquisition, and competitive positioning (Lumpkin et al., 2011).

### **Strategic Management Practices in SMEs**

Strategic management practices in small and medium-sized enterprises (SMEs) refer to the process of defining, implementing, and evaluating organizational strategies to achieve their goals and adapt to changing market conditions (Hitt et al., 2017). The multidimensional nature of strategic management practices recognizes that they encompass various aspects beyond just financial metrics. They reflect the extent to which the organization is pursuing opportunities, navigating challenges, and fostering innovation. Effective strategic management practices demonstrate that the organization is effectively utilizing its resources, embracing change, and adapting to evolving market conditions (Chen et al., 2021).

According to Fuzi et al. (2016), strategic management practices in SMEs extend beyond financial outcomes and include the satisfaction of different stakeholders such as customers, employees, suppliers, and communities. Positive strategic management practices indicate that the organization is meeting or exceeding stakeholder expectations, building trust, and fostering positive relationships. Satisfied stakeholders are more likely to remain loyal, provide referrals, and support the organization's growth. A well-managed SME is more likely to outperform its competitors, attract customers, and secure market share. It demonstrates the organization's ability to differentiate itself, innovate, and deliver superior value to customers, thereby creating a sustainable competitive edge (Vejseli & Rossmann, 2017).

Wales et al. (2020) indicate that entrepreneurial orientation is a key driver of successful strategic management practices in SMEs. According to Wales, a strong entrepreneurial orientation reflects the organization's ability to identify and seize opportunities, adapt to changing market conditions, and foster innovation. In addition, a company's ability to implement entrepreneurial orientation in its strategic management practices demonstrates its commitment to continuous improvement and adaptability. It shows that the organization is leveraging its resources to create competitive advantages, stay ahead of industry trends, and respond to market changes (Covin et al., 1989).

Kraus et al. (2021) note that a company that consistently achieves high levels of entrepreneurial orientation and effectiveness in its strategic management practices demonstrates its ability to meet evolving customer needs and exceed expectations. It indicates that the organization is embracing change, investing in the development of new solutions, and continuously adapting its strategic management practices to support growth objectives. Entrepreneurially oriented SMEs are more likely to enjoy increased customer satisfaction, loyalty, and market share, as they create and deliver value-added products or services that differentiate them from competitors (Rauch et al., 2019). Moreover, a company with effective entrepreneurial orientation shows a commitment to fostering innovation, seizing opportunities, and managing risks. Such an approach enables the organization to achieve its strategic objectives, support its growth strategies, and maintain a competitive advantage in the marketplace (Wiklund & Shepherd, 2015). By integrating entrepreneurial orientation into its strategic decision-making processes, an SME demonstrates its commitment to pursuing opportunities, managing risks, and fostering long-term success (Miller, 1983).

Small and Medium Enterprises (SMEs) play a crucial role in the economy of Lagos, Nigeria. Lagos is known as the commercial hub of Nigeria and is home to a vibrant and dynamic business ecosystem. SMEs in the region contribute significantly to employment generation, economic growth, and poverty reduction in Lagos. They are often referred to as the engine of economic development due to their ability to create jobs and foster innovation. These SMEs in Lagos operate across various sectors, including manufacturing, services, retail, hospitality, technology, and creative industries (Gbandi & Amissah, 2014). Notably, the Common types of SMEs found in Lagos include fashion design, food processing, information technology, logistics, and consulting firms. Like SMEs in other parts of the world, businesses in Lagos face several challenges including limited access to finance, inadequate infrastructure, bureaucratic hurdles, inconsistent power supply, high operating costs, and competition from the informal sector requiring them to adopt strategies that will shape their strategic management Practices to enhance competitiveness (Onugu, 2015).

## **LITERATURE REVIEW**

### **Theoretical Framework**

#### **Agency Theory**

The theory was proposed by Jensen and Meckling (1976) and explores the relationship between principals (shareholders) and agents (managers) within an organization. In this study, agency theory emphasizes the importance of aligning the interests of business owners and managers to achieve optimal outcomes. Agency theory suggests that aligning the interests of principals and agents is critical to achieving effective strategic management practices in SMEs. By incorporating EO into decision-making processes, SMEs can ensure that managers are motivated to act in the best interests of the business owners (shareholders). This alignment can foster a culture of innovation, proactiveness, and calculated risk-taking, which are essential for the survival and growth of SMEs in competitive markets (Wiklund & Shepherd, 2015).

Furthermore, incorporating EO into strategic management practices can help address information asymmetry between business owners and managers. By adopting an entrepreneurial mindset, managers are more likely to share critical information, insights, and ideas with business owners, leading to improved communication and collaboration. This transparency can enhance decision-making, resource allocation, and overall firm performance (Lumpkin et al., 1996).

#### **Empirical Review**

##### **Resource-based View**

The resource-based view (RBV) is a theoretical framework that emphasizes the importance of a firm's resources and capabilities in achieving a sustainable competitive advantage (Barney, 1991). The RBV highlights the significance of leveraging internal resources and capabilities to drive organizational performance and competitiveness. According to the RBV, SMEs that possess valuable, rare, inimitable, and non-substitutable resources can develop unique and sustainable competitive advantages. Entrepreneurial orientation, as a firm's strategic posture, can be considered a unique resource and capability that can potentially drive firm performance (Wiklund et al., 2015). By adopting an entrepreneurial mindset and incorporating EO into strategic management practices, SMEs can enhance their ability to identify and exploit market opportunities, develop innovative products and services, and respond effectively to changing market conditions (Covin et al., 1989).

Moreover, the RBV suggests that SMEs should focus on building and nurturing their internal resources and capabilities, including human capital, organizational culture, and knowledge management systems. By doing so, they can foster an entrepreneurial environment that supports innovation, proactiveness, and risk-taking. This environment, in turn, can contribute to the development of effective strategic management practices that drive firm performance and competitiveness (Barney, 1991).

Lessos (2016) conducted a study that investigated the relationship between entrepreneurial orientation (EO) and firm performance in small and medium-sized enterprises (SMEs). The study provided an integrative analysis of previous research and extended the understanding of how EO influences strategic management practices. The findings of the study suggested that a higher level of EO in SMEs led to improved firm performance through the adoption of proactive and innovative strategies. The study highlighted the significance of entrepreneurial orientation as a driver of strategic management practices and its impact on SMEs' overall performance.

Amin and Hedar (2017) conducted a research study that aimed to explore the link between entrepreneurial orientation and small business performance using a configurational approach. The study examined how different configurations of entrepreneurial orientation dimensions, including innovativeness, proactiveness, and risk-taking, influenced small business performance. The findings emphasized the importance of aligning the dimensions of entrepreneurial orientation with the strategic management practices of SMEs.

Zahra and Covin (2015) conducted a comprehensive literature review that examined the effect of entrepreneurial orientation on strategic management practices in SMEs. The study synthesized previous research findings and highlighted the role of entrepreneurial orientation in shaping strategic decision-making, resource allocation, and competitive positioning in SMEs. The review emphasized the dynamic nature of entrepreneurial orientation and its influence on the strategic management processes of SMEs. The study found the need for SMEs to foster an entrepreneurial orientation to enhance their strategic management practices and achieve sustainable competitive advantage.

Rauch et al. (2017) conducted a meta-analysis of empirical studies to examine the relationship between entrepreneurial orientation and firm performance in SMEs. The meta-analysis synthesized findings from a wide range of studies and provided a comprehensive understanding of the effect of entrepreneurial orientation on various dimensions of firm performance, including financial performance, innovation, and growth. The study revealed a positive relationship between entrepreneurial orientation and firm performance in SMEs, suggesting that a higher level of entrepreneurial orientation positively influenced strategic management practices and subsequently enhanced overall firm performance.

Cui et al. (2018) conducted a study that investigated the mediating role of strategic management practices in the relationship between entrepreneurial orientation and firm performance in SMEs. The study employed structural equation modeling to analyze data from a sample of SMEs. The findings indicated that strategic management practices, such as strategic planning, strategic implementation, and strategic control, partially mediated the relationship between entrepreneurial orientation and firm performance. The study underscored the importance of integrating entrepreneurial orientation into strategic management practices to enhance the performance of SMEs.

Hmielecki and Corbett (2019) examined the effect of entrepreneurial orientation on the strategic management practices of SMEs in different industries in Rwanda. The study utilized



a mixed-methods approach, combining qualitative interviews and quantitative surveys, to explore the relationship between entrepreneurial orientation, strategic management practices, and firm performance. The findings revealed industry-specific differences in the relationship between entrepreneurial orientation and strategic management practices. The study highlighted the importance of considering industry context when examining the effect of entrepreneurial orientation on strategic management practices in SMEs.

Rialp et al. (2017) investigated the influence of entrepreneurial orientation (EO) on the internationalization process of small and medium-sized enterprises (SMEs). The authors emphasized the mediating role of the knowledge creation process in this relationship. The findings suggested that SMEs with a higher level of EO engaged in more extensive internationalization activities. Additionally, the study revealed that the knowledge creation process played a crucial mediating role, as it facilitated the generation and dissemination of valuable knowledge and resources necessary for successful internationalization. The study concluded that firms should foster an entrepreneurial mindset and knowledge creation capabilities within SMEs to drive international expansion and competitiveness.

Zahra, Sapienza and Davidsson (2017) presented a comprehensive review, model, and research agenda that integrated the concepts of entrepreneurship, dynamic capabilities, and strategic management practices in SMEs. The study highlighted the role of entrepreneurial orientation (EO) as a driver of dynamic capabilities, which were the firm's abilities to sense and seize opportunities, reconfigure resources, and adapt to changing environments. The authors argued that EO enhanced a firm's dynamic capabilities, enabling it to effectively respond to market changes and drive superior performance. The study called for further research to explore the mechanisms through which EO influenced the development and utilization of dynamic capabilities in SMEs.

Chandra, Styles and Wilkinson (2017) investigated the relationship between entrepreneurial orientation (EO), international marketing performance, and the moderating roles of strategic alliances and human resource adaptability in SMEs. The study highlighted the significance of EO in driving successful international marketing activities. Moreover, the authors found that strategic alliances and human resource adaptability played crucial moderating roles in strengthening the positive impact of EO on international marketing performance. The study recommended the importance of strategic alliances and flexible human resource practices as enablers of effective internationalization strategies in SMEs with a strong EO orientation.

Morgann, Anokhin and Klyver (2019) explored the relationship between entrepreneurial orientation (EO), international experience, and small business internationalization. The study emphasized the role of EO as a driver of internationalization activities in SMEs and investigated the moderating effect of international experience. The findings suggested that SMEs with a higher level of EO were more likely to engage in internationalization, and this relationship was strengthened by prior international experience. The study underscored the importance of combining an entrepreneurial mindset and experiential learning to enhance SMEs' internationalization efforts and overall performance.

Covin, Jales and Wales (2019) examined the strategic management practices of small firms in both hostile and benign environments, with a particular focus on entrepreneurial orientation (EO). The study explored how EO influenced firm performance in different environmental conditions. The findings revealed that the positive effects of EO on performance were more pronounced in hostile environments, where SMEs faced significant challenges and uncertainties. In contrast, in benign environments, EO may not have had as strong of an impact

on performance. The study emphasized the importance of aligning strategic management practices, including EO, with environmental conditions to optimize SME performance.

## FINDINGS

### Response Rate

Two hundred and seventy-eight questionnaires were administered to the respondents. Two hundred and Forty-nine questionnaires were dully filled and returned. Table 1 shows the response rate results.

**Table 1: Response rate**

Response	Frequency	Percent
Returned	249	89.57%
Unreturned	29	10.43%
<b>Total</b>	<b>278</b>	<b>100%</b>

Out of 278 questionnaires administered, 249 were properly filled and returned representing 89.57% response rate hence satisfactory enough for a viable study. Tairon (2010) noted that a response rate of 50% is satisfactory while 70% and above is considered good. Thus, the return rate of 89.57% is good for the study.

### Descriptive Results

#### Entrepreneurial Orientation

The respondents were asked to indicate their level of agreement with various statements measuring EO in their organizations. The responses were to be made using a Likert scale as follows: 5= Strongly Agree, 4=Agree, 3= Neutral, 2=Disagree, 1= Strong Disagree. The responses are shown in table 2.

**Table 2: Descriptive results on entrepreneurial orientation**

Statement	Mean	Std dev
1. Our company encourages employees to take calculated risks to pursue new opportunities.	3.69	1.02
2. Innovation is highly valued and actively promoted within our organization.	4.12	0.22
3. Our company is proactive in identifying and capitalizing on emerging market trends and opportunities.	4.05	0.36
4. Employees are empowered to make independent decisions and take initiative.	4.09	0.58
5. We encourage and support experimentation and learning from failures.	3.87	1.11
6. Our company is known for its willingness to invest in new ventures and explore new markets.	3.98	1.01
7. We actively seek out and exploit opportunities to gain a competitive advantage.	4.00	0.36
8. Our organization encourages and rewards employees for generating new ideas and solutions.	3.79	1.1

9. We have a culture that values and supports entrepreneurial behavior.	3.85	1.06
10. Our company constantly seeks ways to disrupt the market and challenge the status quo.	4.12	0.22
11. We encourage employees to seek out and seize opportunities for growth and expansion.	4.01	0.33
12. Our organization is known for its ability to adapt quickly to changing market conditions	3.89	1.56
<b>Average mean</b>	<b>3.96</b>	

The majority of respondents agreed that their company encourages employees to take calculated risks to pursue new opportunities, with a mean score of 3.69 and a standard deviation of 1.02. Respondents also strongly agreed that innovation is highly valued and actively promoted within the organization, with a mean score of 4.12 and a low standard deviation of 0.22, indicating little variability in the responses. The majority of respondents also agreed that their companies are proactive in identifying and capitalizing on emerging market trends and opportunities, with a mean score of 4.05 and a standard deviation of 0.36, indicating little variability in the responses. The majority of respondents also agreed that employees are empowered to make independent decisions and take initiative, with a mean score of 4.09 and a standard deviation of 0.58. Respondents also generally agreed that their companies encourage and supports experimentation and learning from failures, with a mean score of 3.87 and a standard deviation of 1.11, although there was some variability in the responses, with some strongly agreeing and others strongly disagreeing.

The majority of respondents also agreed that their companies are known for its willingness to invest in new ventures and explore new markets, with a mean score of 3.98 and a standard deviation of 1.01. Moreover, respondents agreed that their companies actively seek out and exploit opportunities to gain a competitive advantage, with a mean score of 4.00 and a standard deviation of 0.36, indicating little variability in the responses. The majority of respondents also agreed that their organizations encourage and rewards employees for generating new ideas and solutions, with a mean score of 3.79 and a standard deviation of 1.1. Respondents also agreed that their companies have a culture that values and supports entrepreneurial behavior, with a mean score of 3.85 and a standard deviation of 1.06, although there was some variability in the responses, with some strongly agreeing and others strongly disagreeing. Respondents also strongly agreed that their companies constantly seek ways to disrupt the market and challenge the status quo, with a mean score of 4.12 and a low standard deviation of 0.22, indicating little variability in the responses. The majority of respondents also agreed that their companies encourages employees to seek out and seize opportunities for growth and expansion, with a mean score of 4.01 and a standard deviation of 0.33, indicating little variability in the responses.

### Strategic Management Practices

The respondents were asked to indicate their level of agreement with various statements measuring strategic management practices in their organizations. The responses were to be made using a Likert scale as follows: 5= Strongly agree, 4=Agree, 3= Neutral, 2=Disagree, 1= Strong disagree. The responses are shown in table 3.



**Table 3: Statements measuring strategic management practices in their organizations.**

Statement	Mean	Std dev
Our strategic management practices are well-aligned with our overall business goals and objectives	4.01	1.1
We regularly evaluate and update our strategic management practices to ensure their effectiveness.	3.99	1.3
Our strategic management practices enable us to anticipate and respond to changes in the external business environment.	3.97	1.5
Our strategic management practices effectively allocate resources to support our strategic initiatives.	3.98	1.35
Our strategic management practices facilitate effective decision-making at all levels of the organization.	4.10	0.11
We have clear and well-defined strategic management processes in place.	4.00	0.01
Our strategic management practices promote a culture of accountability and performance measurement.	4.03	0.25
Our strategic management practices enable us to effectively identify and exploit market opportunities.	4.08	0.58
Our strategic management practices facilitate effective communication and collaboration across different departments and teams.	3.94	1.00
We regularly monitor and evaluate the performance and outcomes of our strategic management practices.	3.93	0.33
Our strategic management practices effectively support our organization's long-term sustainability and growth.	3.89	0.54
We have a dedicated team or department responsible for overseeing and managing our strategic management practices.	3.77	0.29
		<b>3.98</b>

The majority of respondents agreed that their company's strategic management practices are well-aligned with its overall business goals and objectives, with a mean score of 4.01 and a standard deviation of 1.1. Respondents generally agreed that their companies regularly evaluate and update their strategic management practices to ensure their effectiveness, with a mean score of 3.99 and a standard deviation of 1.3, indicating some variability in the responses.

The majority of respondents also agreed that their company's strategic management practices enable them to anticipate and respond to changes in the external business environment, with a mean score of 3.97 and a standard deviation of 1.5. Respondents generally agreed that their company's strategic management practices effectively allocate resources to support their strategic initiatives, with a mean score of 3.98 and a standard deviation of 1.35. Respondents also strongly agreed that the company's strategic management practices facilitate effective decision-making at all levels of the organization, with a mean score of 4.10 and a low standard deviation of 0.11. Respondents as well strongly agreed that their companies have clear and well-defined strategic management processes in place, with a mean score of 4.00 and a very low standard deviation of 0.01, indicating little variability in the responses. Most respondents

agreed that their companies' strategic management practices promote a culture of accountability and performance measurement, with a mean score of 4.03 and a standard deviation of 0.25. The majority of the respondents agreed that their strategic management practices enable them to effectively identify and exploit market opportunities, with a mean score of 4.08 and a standard deviation of 0.58. Majority of the respondents also agreed that their strategic management practices facilitate effective communication and collaboration across different departments and teams, with a mean score of 3.94 and a standard deviation of 1.00.

Majority of the respondents agreed that they regularly monitor and evaluate the performance and outcomes of its strategic management practices, with a mean score of 3.93 and a standard deviation of 0.33. The majority of respondents agreed that their strategic management practices effectively support the long-term sustainability and growth, with a mean score of 3.89 and a standard deviation of 0.54. Respondents generally agreed that they have a dedicated team and department responsible for overseeing and managing its strategic management practices, with a mean score of 3.77 and a standard deviation of 0.29, indicating little variability in the responses.

### Correlation Analysis

In this research, Pearson's correlation ( $r$ ) was done to explore association between the factors, particularly in terms of direction and strength ranging  $\pm 1$ . Pearson conducted before carrying out further regression analysis.  $r = +0.7$  indicates strong association,  $r = +0.5$  to  $0.69$  is a strong association,  $r = 0.3$  to  $0.49$  moderate association whereas  $r < 0.29$  is weak association. Where  $r = 0$  it indicates that there is no association. Table 4 shows correlation results.

**Table 4: Correlation results**

		Entrepreneurial orientation	Strategic management
Entrepreneurial orientation	Pearson correlation	1	
	Sig. (2-tailed)		
Strategic management	Pearson correlation	.788**	1
	Sig. (2-tailed)	0.001	

The findings showed that there was a positive and significant relationship between entrepreneurial orientation and strategic management ( $r = 0.788$ ,  $p = 0.001$ ). This implies that more entrepreneurial orientation in organizations would lead to improved strategic management outcomes. This finding is similar to that of Rauch et al. (2017) who found a positive relationship between entrepreneurial orientation and firm performance in SMEs, suggesting that a higher level of entrepreneurial orientation positively influenced strategic management practices and subsequently enhanced overall firm performance.

### Regression Analysis

Regression analysis was conducted to show the influence of EO on strategic management Practices among SMEs in Lagos, Nigeria. The findings are shown in table 5.

**Table 5: Model summary**

Model	R	R square	Adjusted R square	Std. error of the estimate
1	.788	.621	.604	.8595

From the results in Table 5, EO was used to explain strategic management Practices among SMEs in Lagos, Nigeria. This is supported by R square of 0.621, which means that EO explain 60.4% of the total variations in the strategic management Practices among SMEs in Lagos, Nigeria, while 6% is explained by other variables not included in the model.

**Table 6: Regression co-efficients**

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
1	(Constant)	5.265	5.77		0.912	0.00
	Entrepreneurial orientation	0.465	0.130	0.335	3.562	0.001

Regression coefficients results revealed that entrepreneurial orientation has a positive and significant influence on strategic management practices among SMEs in Lagos, Nigeria ( $\beta=0.465$ ,  $p=0.001$ ). This means that a unit improvement in entrepreneurial orientation would lead to an improvement in shaping the strategic management practices 0.465 units. The results agree with that of Zahra and Covin (2015) whose study found the need for SMEs to foster an entrepreneurial orientation to enhance their strategic management practices and achieve sustainable competitive advantage.

## DISCUSSION OF FINDINGS

The study showed that SMEs with a strong EO tend to adopt more proactive and innovative strategic management practices, leading to improved firm performance outcomes. The findings suggest that firms with a high EO prioritize innovation and risk-taking in their strategic management practices. These firms are more likely to engage in exploratory activities, such as research and development, new product development, and market expansion. They are also more responsive to environmental changes and are quick to seize opportunities. Study by Covin, Jales and Wales (2019) showed that the positive impact of EO on strategic management practices is contingent on various contextual factors such as industry, firm size, and ownership structure. Thus, the effectiveness of EO in shaping strategic management practices varies across different contexts.

The study suggests that the positive impact of EO on strategic management practices can lead to improved firm performance outcomes. This is in line with the study by Morgann, Anokhin and Klyver (2019) which showed that SMEs with a strong EO tend to achieve higher levels of financial performance, market share, and growth compared to firms with a weak EO. The findings highlight the significant role of EO in enhancing firm performance by promoting innovation, competitiveness, and growth.

The study also emphasizes the importance of aligning EO with the organization's strategic goals and objectives. According to findings by Chandra, Styles and Wilkinson (2017), a clear understanding of the organization's mission, vision, and values is critical in ensuring that EO is channeled towards achieving the desired outcomes. Furthermore, the study highlights the critical role of leadership in promoting EO and shaping strategic management practices in SMEs. Leaders play a crucial role in setting the tone for innovation, risk-taking, and proactiveness within the organization. They also play a critical role in fostering a culture of entrepreneurship and promoting the development of entrepreneurial competencies within the organization (Amin & Hedar, 2017).

The study also shows that developing a supportive organizational culture encourages and rewards entrepreneurship. The study by Rialp et al. (2017) also showed that organizations with a culture that supports innovation, risk-taking, and proactiveness tend to be more successful in implementing EO-driven strategic management practices. The findings suggest that creating an entrepreneurial culture requires a concerted effort at all levels of the organization, including leadership, human resource management, and organizational design.

## CONCLUSION

Based on the findings, it was concluded that entrepreneurial orientation has a significant effect on shaping strategic management practices in small and medium-sized enterprises (SMEs). The evidence indicates that SMEs that exhibit a strong entrepreneurial orientation have more proactive, innovative, and risk-taking strategic management approaches. The results demonstrate that entrepreneurial orientation encompasses dimensions such as proactiveness, innovativeness, risk-taking propensity, autonomy, and competitive aggressiveness. SMEs with a high level of entrepreneurial orientation engage in strategic actions such as seeking new market opportunities, introducing new products or services, and adopting flexible and adaptive strategies.

## RECOMMENDATIONS

It was recommended that SMEs should cultivate and nurture an entrepreneurial culture within the organization by fostering a supportive environment that encourages innovation, risk-taking, and proactive behavior. It was also recommended that leaders in SMEs should demonstrate entrepreneurial characteristics and behaviors by being visionary, open to change, and willing to take calculated risks to inspire employees and create a culture of innovation and strategic thinking. It was also recommended that SMEs should continuously scan the external environment for new market opportunities, emerging trends, and competitive threats by conducting market research, monitoring industry developments, and staying updated on customer needs and preferences to develop and implement effective strategic management practices. It was further recommended that Regular strategic planning and review processes should be implemented in SMEs by setting clear strategic goals, developing action plans, and periodically evaluating progress and adjusting as needed to ensure that entrepreneurial orientation is effectively translated into strategic actions and outcomes.

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