



ENTREPRENEURIAL STRATEGIES AS PANACEA FOR SMALL SCALE ENTERPRISE DEVELOPMENT: EVIDENCE FROM A DEVELOPING COUNTRY

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Abstract

In most developing countries, entrepreneurship has become a fundamental means of triumphing over the 'evil-twin' (unemployment and poverty). More so, this move has been hindered as a result of poor entrepreneurial strategy adopted to promote small scale enterprise development. However, empirical evidences are rare as to whether entrepreneurial strategies are panaceas for small scale enterprises development in developing nations. In light of the above, this study assessed whether entrepreneurial strategies are panaceas for small scale enterprises development. Survey research design was employed and questionnaire was administered to six hundred and twelve (612) small scale enterprises. Three (3) entrepreneurial strategies namely new product launch, new technologies and entrepreneurial training were used while small scale enterprise development was measured using level of productivity. Data obtained were analyzed using multiple regression and findings showed that launching of new product, use of novel technologies and entrepreneurial training positively significantly influence small scale enterprise development. The study recommended among others, the need for government at all levels to support entrepreneurship with adequate resources needed for its development. Additionally, new and existing entrepreneurs are encouraged to engage new technologies in entrepreneurial activities, launching of new products and engaging in training programmes in order to aid their development.

Keywords: *Entrepreneurial strategies, Small scale enterprises; Training; Technologies; Product launch*

Introduction

In most developing countries, governments at all levels strive to develop its citizens through entrepreneurship in order to promote economic development and growth and in triumphing over the 'evil-twin' – unemployment and poverty. In Nigeria for instance, both the federal and state governments are currently placing significant focus on the promotion of indigenous entrepreneurship with a view to support small scale enterprises. Adeniyi, Derera and Gamede (2022) asserted that entrepreneurship begins when individuals produce more goods needed to satisfy a need. Given that entrepreneurship brings about the creation of wealth via production of novel products and services to consumers, it is considered the backbone of any economy that seeks to achieve growth and development (Baranauskas & Raišiene, 2022; and Osho & Adishi, 2019).

According to Eniola (2021), entrepreneurship is a complex activity that involves a wide array of talents, capabilities and skills. It has been characterized by varied performance outcomes; hence, it has been an object of a variety of fields of research from Economics to Management Sociology, Psychology,

Anthropology and more also, even humanities (Etim, Ayande, Etuk & Inyang, 2022). Because entrepreneurship creates novel ideas, modern entrepreneurs seek for entrepreneurial strategies required to create new products in order to promote small scale enterprise development (Gélinas & Bigras, 2019). Fundamental among these entrepreneurial strategies used by small scale enterprise in recent times include the use of novel technologies, training, new product launch, among others (Ahsan, Adomako & Mole, 2021; and Abdullahi, Abubakar, Aliyu & Umar, 2019; Nerini, Broad, Mentis, Welsch, Bazilian & Howells, 2016).

Entrepreneurial strategies have impacts on small enterprise development such that they aid in promoting internal and external competencies, increasing turnover, assisting in identifying novel opportunities within the economy, understanding customers' needs and in developing new areas where enterprises need improvement (Beal, 2019; and George, Oladosun, Oyesomi, Orbih, Nwokeoma, Iruonagbe, Ajayi & Lawal-Solarin, 2021).

Quite a number of studies on entrepreneurship places a lot of emphasis on lack of training, the use of novel technologies and poor funding as the root causes of entrepreneurship failure (Hoogendoorn, Vander-Zwan & Thurik, 2021; Bertram, Anidiobu & Ezinwa, 2016; and Riti & Kamahin, 2015). Other studies showed that insufficient market analysis by entrepreneurs, lack of infrastructures (e.g. electricity, water, and good roads) and launching of new products are causes impeding small scale enterprises development vis-à-vis entrepreneurial growth in developing countries (Aliyu, Rogo & Mahmood, 2020; Anekwe, Ndubuisi-Okolo & Nwanah, 2020).

More worrisome is the fact that regardless of the federal and governments' efforts aimed at supporting small scale enterprises via the setting up of institutions and bodies, the outcome seems not to be encouraging (Aruwa, 2014; and Ezekiel & Edwin, 2016). As a result of this, the Gross Domestic Product (GDP) of most developing nations are still experiencing sharp decline and a slow growth of the economy. Again, whilst we acknowledged the plentiful empirical studies on entrepreneurship, little is known about whether entrepreneurial strategies (particularly new product launch, novel technologies and training) would serve as a panacea for small scale enterprise development in developing nations.

This study is exceptionally vital especially when considering how entrepreneurial strategies affect small scale enterprise development in a developing country. A study conducted in this area will stimulate and promote the development of small scale enterprises as well as expanding knowledge in the field of management. The study therefore Reviewed Literature, Research Method used, Presentation of Results, Conclusion and Recommendations.

Objectives of the Study

Consequent upon the above, this study sought to assess whether entrepreneurial strategies are panaceas for small scale enterprise development in a developing country like Nigeria. To achieve this, three (3) specific objectives were articulated as follows:

- (1) To examine whether entrepreneurial training is a panacea for small scale enterprises development in Nigeria
- (2) To determine whether new product launch is a panacea for small scale enterprises development in Nigeria
- (3) To evaluate whether the use of new technologies is a panacea for small scale enterprises development in Nigeria

Review of Literature

Entrepreneurship and Entrepreneurial Strategies

The concept of entrepreneurship has been well defined in the literature. Entrepreneurship as noted by Ogunmola and Olayemi (2020) is the act of invention involving the use of existing resources and novel capability for producing goods and services for the creation of wealth. Entrepreneurs according to Wen, Chen, Liman and Gu (2020) are skilled individuals who are capable of using available resources at their disposal in production of goods and services for consumption. Entrepreneurs are able to recognize business opportunities, select/manage entrepreneurial careers and strategies and acting entrepreneurially in response to the changing business environment and having the capability to bounce back from failure (Mwangemi, Wilson & Mung'atu, 2017; and Ali-Asad, Muhammad & Umar, 2014).

Entrepreneurship is a form of business strategy that focuses on the creation of wealth and employment via the efficient use of commercial and productive resources; hence for modern entrepreneurs to be able to create wealth and employment, they require improved strategies and competencies (Abdullahi & Burcin, 2017; and Rekik & Bergeron, 2017). Entrepreneurial strategies are unique and needed since it aids small scale enterprise development, particularly of developing counties (Ezekiel & Edwin, 2016; and Obamuyi & Olayiwola, 2019).

According to Reina, Roger, Peterson, Byron and Hom (2018), there are varied entrepreneurial strategies that successful entrepreneurs possess. Fundamental among these entrepreneurial strategies entail but not limited to use of new technologies, new product launch and training (Ahsan, Adomako & Mole, 2021; and Abdullahi, Abubakar, Aliyu & Umar, 2019). Noman, Awang-Hashim and Shaik (2018) identified other entrepreneurial strategies such as strategies related to leadership, marketing, etc. these strategies are vital since they aim at improving the development of small scale enterprises.

Notwithstanding the numerous entrepreneurial strategies identified in the literature, this study employed three (3) entrepreneurial strategies, namely new product launch, training and use of novel technologies. First, the use of new technologies as an entrepreneurial strategy suggests that small scale enterprises can thrive in a digital world when they integrate novel equipments and machinery in their production activities (Baran & Berkowicz, 2021; and Baranauskas & Raišienė, 2022).

Second, entrepreneurial training strategy implies the continual education of both startups and existing entrepreneurs in training programmes in order to meet up with the current trends and global best practices so as to make a sound financial decision and become successful (Anekwe et al, 2020). Third, new product launch as an entrepreneurial strategy connotes that small scale enterprises need to incessantly engage in the launching of new products that meets the current needs of the market.

Small Scale Enterprises’ Development

The Nigeria economy is typified by abundant resources which can make small scale enterprises thrive. Small scale enterprises account for a significant proportion of the aggregate employment in most countries, Nigeria inclusive. In Nigeria for instance, small scale enterprises offer a significant share of increase in gross domestic product (GDP) (Adeniyi, et al, 2022). According to Anekwe, et al (2020), the growth and development of small scale enterprises is largely dependent on their ability to be well-managed. This

according to Eniola (2022) can be a strong factor for the development of small scale enterprises

Furthermore, not necessarily that managing small scale enterprise leads to their developments it increases the number of informal business targeted to promoting economic growth (Etim, et al, 2022). Prior studies (Ahsan, et al, 2021; Abdullahi, et al, 2019; Nerini, et al, 2016) had shown small scale enterprise development is hinged on their capability to engage on some entrepreneurial strategies like training, new product launch and the use of novel technologies which can enable them expand and become sustainable. Therefore, small scale enterprises development can be judged based on several different dimensions as identified by Ahasan, et al, (2021); Abdullahi, et al, (2019); and Nerini, et al (2016). In view of the above discuss, a model showing the link between the entrepreneurial strategies (training, new product launch and the use of novel technologies) was conceptualized as shown in figure 1 below:

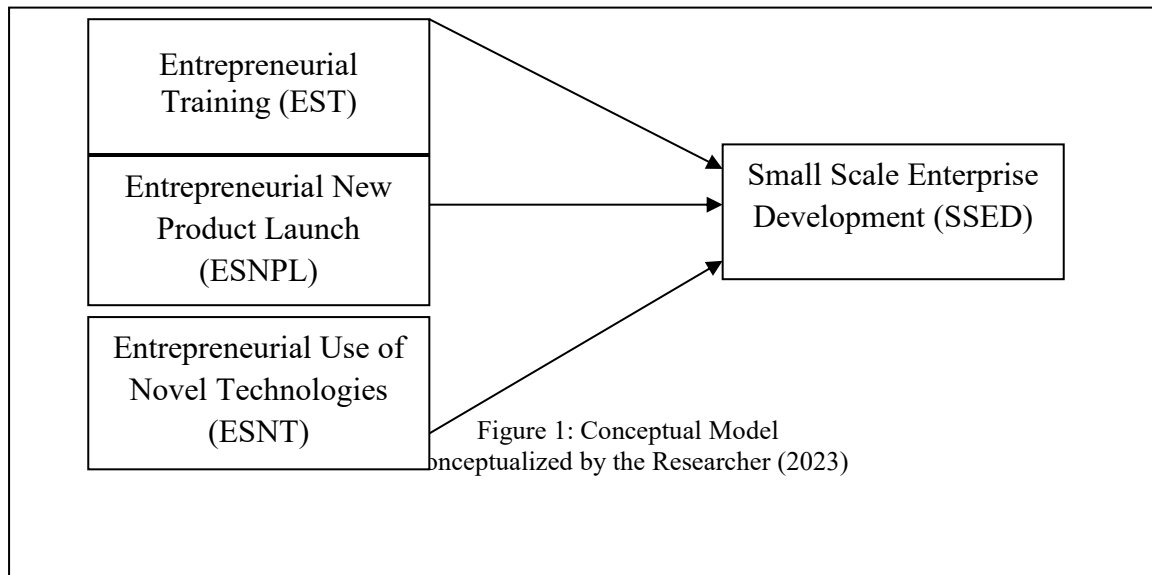


Figure 1 showed the conceptual model, describing the relationship between entrepreneurial strategies (training, new product launch and the use of novel technologies) and small scale enterprise development.

Theoretical Framework

The theoretical anchorage of this study is the Economic Theory (ECT) advanced by Knight (1978). The ECT views entrepreneurial activities as agents of economic change, development and sustainability. The ECT proposed that development and growth respond quickly to entrepreneurial activities; thus small scale enterprises that are able to harness resources in their environment in the most efficient way tend to stimulate development and growth.

Prior studies (Okunbanjo, Adewale & Akinsulire, 2017; and Wekesa, Gathungu & Wainaina, 2016) revealed that entrepreneurs need to be equipped with improved strategies required to make them successful. The strategies can be in the form of new technologies usage, training, new product launch, leadership, marketing, etc. (Noman, et al, 2018; Nerini, et al, 2016; Abdullahi, et al, 2019; and Ahsan, et al, 2021), which are germane to improving small scale enterprise development. The

relevance of ECT to this study is that since development and growth respond quickly to entrepreneurial activities vis-à-vis their strategies, it thus implies that the response could be transformative to the development of small scale enterprises.

Research Method

The study used descriptive research design to ascertain how entrepreneurial strategies affect the development of small scale enterprises in a developing country. The study population consists of startups and existing small scale enterprises in Nigeria out of which, six hundred and twelve (612) were selected using the judgmental sampling technique. Questionnaire was the major instrument of data collection which was structured in a

4-point scale of Strongly Agree, Agree, Strongly Disagree and Disagree.

The questionnaire was administered alongside five (5) trained research assistants due to the enormous sample size of the study as well as in ensuring adequate collection and retrieval of the questionnaire. To ensure the reliability of the questionnaire, a pilot test was done using fifty (50) respondents who are not part of the actual study. Data obtained in the pilot test were correlated using Cronbach alpha reliability statistical tool. The Cronbach Alpha coefficients (see Table 1) are deemed appropriate since they were above the 0.05 threshold recommended by Cronbach.

Table 1: Cronbach Alpha Reliability Results

Items	Number of Items	Alpha Coefficients
Use of Novel Technologies	5	0.90
Entrepreneurial Training	7	0.85
New Product Launch	5	0.83
Small Scale Enterprise Development	7	0.84

Source: Compiled by the Researcher via Pilot Test (2023)

The dependent variable is small scale enterprise development while the independent variables are entrepreneurial strategies (with three dimensions –

strategies targeted at training, the use of novel technologies and new product launch). In view of the above, the following multiple regression was estimated:

$$SSED = f(EST, ESNT, ESNPL) \tag{eq. 1}$$

Arising from equation 1, equation 2 was re-estimated to capture the regression coefficients as follows:

$$SSED_{it} = \delta_0 + \delta_1 EST_{it} + \delta_2 ESNT_{it} + \delta_3 ESNPL_{it} + \epsilon_{it} \tag{eq. 2}$$

Where: SSED is small scale enterprise development; EST is entrepreneurial training, ESNT is entrepreneurial strategy targeted at the use of novel technologies; ESNPL is entrepreneurial strategy targeted at new

product launch; $\delta_1 - \delta_3$ are regression coefficients; ϵ is error term while i is individual respondents and t is time dimension.

Data obtained were analyzed via Descriptive Statistics (mean, standard deviation, minimum, and maximum values, Pearson correlation), Diagnostic Statistics (variance inflation factor and Ramsey RESET

test) and Inferential Statistics (multiple regression). A-priori expectations are that entrepreneurial strategies will positively influence small scale enterprise development.

Results

Table 2: Descriptive Statistics

Variables	Mean	Standard Deviation	Minimum Value	Maximum Value
Small Scale Enterprise Development	2.736	0.308	1	4
Entrepreneurial Training	2.106	0.414	1	4
Entrepreneurial New Product Launch	2.484	0.293	1	4
Entrepreneurial Novel Technologies	2.138	0.538	1	4

Source: Compiled by the Researcher (2023)

Table 2 is the descriptive statistics for entrepreneurial strategies (training, new product launch and novel

technologies) and small scale enterprise development of the startup and existing entrepreneurs in Nigeria. The

results revealed that all the variables scored above 2.0 cut-off point of mean, suggesting that all the items in the questionnaire are vital indicators for assessing entrepreneurial strategies and small scale enterprise development in Nigeria. The result is reinforced by the

small standard deviation results which ranged from 0.293 to 0.538. This implies that to an extent, entrepreneurial strategies are vital for small scale enterprise development in Nigeria.

Table 3: Karl Pearson Correlation

Variables	SSED	EST	ESNT	ESNPL
Small Scale Enterprise Development (SSED)	1.000			
Entrepreneurial Training (EST)	0.045	0.023		
Entrepreneurial New Product Launch (ESNT)	0.039	0.080	1.000	
Entrepreneurial Novel Technologies (ESNPL)	0.048	0.075	0.017	1.000

Source: Compiled by the Researcher (2023)

Table 3 showed the Pearson correlation coefficients for entrepreneurial strategies (training, new product launch and novel technologies) and small scale enterprise development of the startup and existing entrepreneurs

in Nigeria; the coefficients showed that there is a positive relationship between for entrepreneurial strategies (training, new product launch and novel technologies) and small scale enterprise development.

Table 4: Variance Inflation Factor (VIF)

Variables	VIF	1/VIF
Entrepreneurial Training (EST)	1.17	0.8547
Entrepreneurial New Product Launch (ESNT)	1.08	0.9259
Entrepreneurial Novel Technologies (ESNPL)	1.04	0.9615
Mean VIF	1.09	

Source: Compiled by the Researcher (2023)

Table 4 showed the multi-collinearity result (VIF) for the independent variables (EST, ESNT and ESNPL). The mean VIF is = 1.09, which is less than the accepted mean VIF of 10; this indicates the absence of

multi-collinearity problem in the empirical model of entrepreneurial strategies and small scale enterprise development. Thus, the data is reliable for performing inferential statistical test.

Table 5: Ramsey RESET test

F-Value	9.71
Probability F	0.000

Source: Compiled by the Researcher (2023)

The result in Table 5 showed that the F-value is 9.71 with Probability F of 0.000; this clearly indicates that the alternative hypothesis is rejected while the null hypothesis is accepted. Impliedly, power of the fitted

value has no omitted variable, thus entrepreneurial strategies and small scale enterprise development model do not suffer from functional form misspecification problem.

Table 6: Multiple Regression Results

Estimator(s)	Predictor(s)	t-value(s)
R-Sq.	0.754	Entrepreneurial Training = 6.12 (P-value=0.000)
Adj. R-Sq.	0.673	Entrepreneurial New Product Launch = 7.04 (P-value=0.000)
F-Value	13.19	Entrepreneurial Novel Technologies Usage = 8.01 (P-value=0.000)
Prob. F	0.000	df (3, 608)

Source: Compiled by the Researcher (2023)

Presented in Table 6 is the multiple regression results; the results revealed that R² is 0.754; indicating that the independent variables (entrepreneurial strategies) explained about 75.4% of the systematic variations in

the dependent variable (small scale enterprise development). Thus, the model of entrepreneurial strategies and small scale enterprise development provides a good fit to the study's data.

The F-value is 13.19, indicating that the entrepreneurial strategies variables (EST, ESNT and ESNPL) significantly affect small scale enterprise development. Impliedly, entrepreneurial strategies play vital role in influencing the development of small scale enterprises in Nigeria. In addition, the t-values suggest that all the entrepreneurial strategies variables positively influence the development of small scale enterprises in Nigeria; the results conform to a-priori expectation. The results of the study agree in part with the findings of Ahsan, et al, (2021); Abdullahi, et al (2019); and Noman, et al (2018) who revealed that entrepreneurial strategies positively and significantly influence small scale enterprise development.

Conclusion and Recommendations

Entrepreneurial strategies occupy a common place in the management literature and hence have become a predominant issue for the development of small scale enterprise, particularly in developing countries. Also, entrepreneurial strategies have attracted numerous attentions from management and researchers, hence making it a vital discuss in the literature. Notably, small scale enterprises have the potentials for expanding employment opportunities, reducing poverty level and enhancing economic growth and development. While we acknowledged the abundant empirical studies on small scale enterprise development in both developed and developing countries, little is known about whether entrepreneurial strategies are panacea for small scale enterprise development in developing countries.

Given this lacuna, this assessed the relationship between entrepreneurial strategies and small scale enterprise development in a developing country using a sample size of six hundred and twelve (612) startup and existing entrepreneurs in Nigeria. Data collected were analyzed via descriptive, diagnostic and inferential statistical techniques. In specific, the results of multiple regression revealed that a significant positive relationships between entrepreneurial strategies and development of small scale enterprise; hence we conclude that entrepreneurial strategies are panacea for the development of small scale enterprise in Nigeria

In view of the findings, there is the need for government at all levels (Federal and State) to support entrepreneurship with adequate resources required for its development. In addition, startup and existing entrepreneurs are encouraged to engage in the use of novel technologies in entrepreneurial activities, launching of new products and engaging in training programmes aimed at aiding small scale enterprise

development. This study contributes to knowledge by establishing that entrepreneurial strategies serve as vital panacea for the development of small scale enterprise.

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