Entrepreneurial Orientation and Small and Medium Enterprises Competitive Advantage in Lagos State

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Abstract: There have been inconsistencies in the findings of academic researchers on entrepreneurial orientation and SMEs competitive advantage, which has demanded a further study. The issue of inadequate access to finance, poor infrastructure, inconsistency with government policy, poor support (business development work), inadequate sales, too many taxes and obsolete technologies leading to massive failures of SMEs and its effect on the epileptic growth of SMEs in Lagos state, but also due to the problem from entrepreneurial orientation. The survey research design was employed in this study and the study relied on primary data. The targeted population of this study is 1,511 SMEs (wholesalers and retailers only), which were drawn from Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in Lagos state. A snowballing sampling technique was used to choose 316 participant SMEs to which the questionnaires were administered, of which 243 questionnaires were returned. The hypotheses of the study were analyzed using multiple regression analysis. The results showed that pro-activeness, innovativeness, and risk-taking significantly improve the performance of SMEs in Lagos state. The study concluded that innovative, entrepreneurial-oriented businesses are more likely to lead their industry in innovations and carry out tasks in a way that better serves clients and increases the firm's power. In order to improve the performance of their companies, the study recommended that SMEs' owners and managers to be dedicated to process and radical innovation in their interactions.

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1. Introduction

Nigeria is blessed with huge natural and human resources which should make her one of the best countries in the world but the country faces various challenges amongst which are economic depression, crisis, and insecurity deprived her from being one of the best (Dansu, 2013). Nigeria remain free food producer economy and one of the major exporter of the agricultural products across the world not until late 1970s when crude oil became the major source of revenue to gain Gross Domestic Product (GDP) and affected other revenue generation sectors of the Nigeria economy (Olowofeso, 2021). Though some of the oil producing economies (Saudi-Arabia, Qatar, Venezuela etc.) like Nigeria that are mono-product economy do not experience the same challenges, it is because their oil revenue is well managed, unlike what obtains in the Nigerian economy. Other revenue generating sectors in Nigeria have been paralyzed during the oil boom of the 1970s, as government and other organizations lost interest in these sectors and focused on oil alone. Unfortunately, these sectors have not been revived till today (Zaato, Ismail, Uthamaputhran & Owusu-Ansah, 2020).

Asides the oil boom of 1970s, SMEs in Nigeria is another area currently expected to help in building Gross Domestic Product (GDP), but series of challenges perhaps [both internal (poor accounting record, inability to separate the owner from business and so on) and external (epileptic power supply, bad road and inadequate road network as well as poor town planning)] retarded the expected growth of SMEs in Nigeria and however, resulted in inadequate contribution of the sector to GDP (Dansu, 2013). The above-mentioned challenges contributed immensely to the adverse performance of the SMEs in Nigeria, though most of the existing SMEs that have been in operation for over five years appear to have been proffering solution to those problems facing them through local strategic alliance such as managing the environment where they are operating (Zaato, Ismail, Uthamaputhran & Owusu-Ansah, 2020).

In recent years, the importance of entrepreneurship to firms has been increasingly recognized. According to research by Audretsch and Keilbach (2007), entrepreneurial activities can lead to innovation and create new products or services, which in turn can help firms achieve a competitive advantage Additionally, Hitt et al. (2011) suggest that entrepreneurship can also contribute to organizational growth and adaptability, as entrepreneurs often possess the drive and vision to identify new opportunities and

respond to changing market conditions. Thus, fostering an entrepreneurial mindset and supporting entrepreneurial activities can be beneficial for firms looking to achieve long-term success (Zaato, Ismail, Uthamaputhran & Owusu-Ansah, 2020).

While a number of studies have examined entrepreneurial orientation (EO), SMEs performances and Market share, they have ignored the EO and SMEs competitive advantage in developing economies like Nigeria, with the exception of a few studies. This study examines the relationship between entrepreneurial orientation and SMEs' competitive advantage (wholesale and retail only) in Lagos State, Nigeria. This research expands the literature on the EO and SMEs competitive advantage focusing on the effect of EO on SMEs' competitive advantage in Lagos State.

1.1. Statement of the Problem

SMEs in Nigeria are faced with a lot of challenges and pressures, both from internal and external factors. These challenges range from lack of financial support, innovative ability, technological innovation, demographic and social change, globalization to mention a few, as a nation and integrates more into the world economy at large.

Ibrahim and Abu (2020), reflected that the skills and knowledge of the owners of businesses, depends directly on entrepreneurial orientation and it is referred to as the basic component in determining the ability to manage strategically their establishments in order to engender good performance (Okoli, Nwosu & Okechukwu, 2021). Ilesanmi, Onikoyi & Badiru (2022) opined that collapse of SMEs is based on the in-competencies of the manager, their inability to be proactive, innovative, their lack of entrepreneurial skill and technical incompetence.

Meanwhile a contrary opinion was presented by Gupta, Niranjan, and Markin(2020) who said that EO has no significant relationship with performance. They had their backing from the empirical study where they revealed that many entrepreneurs having little or no training or orientation in business and management appeared to be more successful in their businesses than some with some levels of orientation. Hence, there are inconsistences in the findings which demand for further study. Scholars have written severally on EO and SMEs performance but few have related these concepts to competitive advantage, hence the reason to look into the effect of EO and SMEs competitive advantage in Lagos State.

1.2. Research Objectives

The main objective of the study is to examine the effect of entrepreneurial orientation on SMEs competitive advantage in Lagos State. The specific objectives are to;

i.   examine the influence of pro-activeness on SMEs' competitive advantage in Lagos State.

ii.   evaluate the effect of innovativeness on SMEs' competitive advantage in Lagos State, and

iii.   assess the effect of risk taking on SMEs' competitive advantage in Lagos State.

1.3. Research Questions

Based on the above objectives, the below relevant questions were raised and to be addressed;

 i. How does pro-activeness affect SMEs' competitive advantage in Lagos State?

 ii. What is the influence of innovativeness on competitive advantage of SMEs in Lagos State?

 iii. How does risk taking influence competitive advantage of SMEs in Lagos State?

1.4. Research Hypotheses

Based on the above questions, the below relevant hypotheses were tested;

$H_0 1$: Pro-activeness does not significantly affect competitive advantage of SMEs in Lagos State.

$H_0 2$:   Innovativeness has no effect on competitive advantage of SMEs in Lagos State.

$H_0 3$:   Risk taking does not have influence on competitive advantage of SMEs in Lagos State.

1.5. Scope of the Study

The purpose of this paper is to investigate the relationship between entrepreneurship orientation and SMEs competitive advantage in Lagos State, Nigeria. The study focused on exploring the extent to which entrepreneurship orientation influences the competitive advantage of SMEs operating in Lagos State Nigeria.

The study is limited to a sample of SMEs operating in Lagos State, drawn from various industries and who are wholesalers or retailers which constitute 1,511 SMEs within Lagos State. They were included in this study because they are easily assessable, and they constitute one of the highest SMEs subsector. The findings from

this study has contribute to the existing literature on entrepreneurship orientation and SMEs competitive advantage. It is expected that the study will provide insights into the relationship between entrepreneurship orientation and competitive advantage, as well as the factors that influence this relationship in the context of SMEs in Lagos State.

2. Literature Review

2.1. Conceptual Review

2.1.1. Entrepreneurial Orientation

Entrepreneurial orientation (EO) is the readiness of individual or organisation to accept willingly new opportunities and be accountable for creative change. (Barterng, 2020). Entrepreneurship is basically an orientation towards seeing opportunities and taking advantage of the opportunities, therefore, another way to understand EO is to think about it as the process and decision-making activities used by entrepreneurs. EO helps to discover new opportunities and to the support of business activities, hence, EO is a key factor for a successful SMEs performance.

There are empirical explanations in recent studies on EO which analyze EO and affirm it as a moderating effect on corporate social responsibility (CSR) and performance. They indicate that sustainable firms should be able to make considerations for the entrepreneurial orientation so as to make their businesses succeed (Dansu, 2013). Soto-Acosta et al. (2016) examined the relationship between sustainable entrepreneurship and business success. Their findings revealed that environmental consciousness and other aspects of sustainability do not directly affect a company's performance. When entrepreneurial and financial benefits are realized, it indicates that sustainability orientation has an impact on sustainable entrepreneurial intention, and this will have to depend on the EO. In the meantime, the sustainability-oriented people with entrepreneurial orientation might not be able to take the right action when starting a business. Meanwhile, some other studies considered EO with entrepreneurial intention citing a tradeoff relationship between them (Soto-Acosta et al., 2016). They perceive that the entrepreneurs are often used as social entrepreneurs which is having their interest on the environmental and social issues rather than making profit.

Some studies revealed that entrepreneurial orientation has a negative effect on entrepreneurial intention for students in businesses (Adamu, Wan & Gorondutse, 2019); most of these entrepreneurs' reason that when they consider the social and environment factors in their business there might be a reduction in their private benefit. Entrepreneurs tend to view sustainability orientation for social and environmental benefit as a tradeoff relationship with entrepreneurship orientation for profit (Dansu, 2013). Nascent entrepreneurs sometimes take sustainability as a way

of making profit and making more serious consideration than that of the benefit of the social and environment through sustainability. This means that the nascent entrepreneurs see new market opportunities in the environments which they interpret and understand the new opportunities, this can be feasibility or the creation of profit; this is different from the altruistic view which make considerations for the environment and sustainability. However, for an entrepreneur, there is a relationship between profit and the survival or sustainability of the enterprise. This means that, entrepreneurial orientation might make it very tough in starting businesses even when there are good opportunities in the market. Patzelt & Shepherd (2011) carried out a study to understand the moderating effect of entrepreneurship orientation in the relationship between sustainability orientation and opportunity discovery. They revealed that having the idea of the natural and communal environment has positive effects on recognition of sustainable development opportunities while that of the entrepreneurial knowledge also have a positive moderating effect in this relationship.

2.1.2. Small and Medium Enterprises

There is no generally accepted definition of micro enterprises as different nations have defined enterprises based on different circumstances. What is stated or identified as SMEs in many industrialized countries might differ from the developing nations.

In industrialized economies, businesses classified as micro enterprises could be classified as small or medium-sized in developing nations. This is due to the fact that different countries have different levels of technology, capital invested, and workforces involved in running and executing SMEs. SMEs are classified according to capital invested in certain nations, number of employees, or volume of revenue in other countries. Most definitions of SMEs are determined by the policy makers, who include traders, labor officers, financiers, and service providers. Among the standard used to define enterprises, the most common and widely used ones comprise of the number of paid employees by the sector, the amount of paid-up capital, total assets, volume of sales, and value added or net worth (Ipigansi, Ajemunigbohun, 2023).

Dansu (2013) says that SMEs are classified according to the scale of operations based on the nature and size of employment. That is, they are classified into different size categories based on number of workers as criteria. For example, Micro, Small and Medium Enterprises (MSME) National Survey Report (2017), classified MSMEs based on employment and assets. See table 1 below:

Table 1. Categorisation of SMEs Definition by Employment and Asset

S/N	Size category	Employment	Asset (=N= million) (excl. land & building)
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10 to 49	5 to less than 50
3	Medium enterprises	50 to 197	50 to less than 500

Source: Micro, small and medium enterprises (MSME) National Survey 2017 Report

2.1.3. Pro-activeness

Generally speaking, pro-activeness means looking forward and seeking opportunities. It entails a company taking the lead to launch novel goods or services that set them apart from their rivals in an effort to lead by example, set the standard, make the first move, or gain the upper hand in satisfying consumer needs in any given circumstance by launching new procedures, goods, or services before their rivals (Miller, 1983; Dansu, 2013). Proactive SMEs don't only follow the lead of other companies; instead, they always aim to be industry leaders (Zaato, Ismail, Uthamaputhran & Owusu-Ansah, 2020). It is an indication of opportunity recognition and how they are aware and responsive to market signals ahead of competitors (Zaato, Ismail, Uthamaputhran & Owusu-Ansah, 2020). Furthermore, some studies have reported that SMEs 'with high responsive ability' should consider pro-activeness as a vital aspect of their business and always strive to have a first-mover advantage over their counterparts in identifying and turning ideas into opportunities (Dansu 2013; Adamu, Wan & Gorondutse, 2019). SMEs should, therefore, focus on building their capacity in order to be proactive. This involves improving both their material and non-material resources, such as their human resource capability, in order to be able to recognize opportunities to meet current and future market demands in a timely manner, influence policymakers, set the market's pace based on their market share (Tang et al., 2014), adopt technology, and stay up to date with advancements in the field (Adamu, Wan & Gorondutse, 2019).

2.1.4. Innovativeness

Global marketplaces are changing quickly, which has increased rivalry, reduced value addition, and decreased the efficacy of businesses' goods and services (Dansu, 2013; Zaato, Ismail, Uthamaputhran & Owusu-Ansah 2020). One of the key components of SMEs' strategies is innovation, which helps them create new or improved processes, goods, and services that help them enter markets, draw in customers, grow their market share, and gain a competitive edge as their environment changes (Dansu, 2013; Zaato, Ismail, Uthamaputhran & Owusu-Ansah 2020). Schumpeter (1942) was the first to recognize innovation, equating it with "creative destruction." According to him, the process that generates wealth is known as "creative destruction." It starts with the introduction of new goods and services, which displaces existing firms' resources and gives new firms a competitive edge.

This process should be started by an entrepreneur and results in the destruction of existing products and services as well as market structures (Dansu, 2013).

2.1.5. Risk Taking

SMEs perceive risk-taking as the inclination of individuals within a firm to make bold or well-calculated decisions when entering existing or new markets. It involves committing resources to ventures with uncertain outcomes and a willingness to invest in business ideas that other SMEs may shy away from due to fear or risk aversion (Dansu, 2013; Zaato, Ismail, Uthamaputhran & Owusu-Ansah 2020). Since the beginning of entrepreneurship, risk-taking has been associated with it (Dansu, 2013), and it is a crucial indicator of EO when assessing the degree of survival among SMEs. On the other hand, studies show that SMEs' risk-taking capabilities range from low to moderate. As opposed to those who take extremely low levels of risk, individuals who take reasonable amounts of risk perform well (Dansu, 2013; Zaato, Ismail, Uthamaputhran & Owusu-Ansah 2020). This supported the widely held belief that SMEs who take risks can ach- ieve better long-term growth and profitability than those who don't. (Dansu, 2013; Zaato, Ismail, Uthamaputhran & Owusu-Ansah 2020). This viewpoint confirmed the risk-returned theory's tenet, which states that performance of SMEs is correlated with risk and return. It is impossible for SMEs to achieve targeted performance and completely distance themselves from taking some amount of risk if they hope to survive.

2.1.6. Competitive Advantage

Competitive advantage refers to the unique strengths or capabilities that allow a business to outperform its competitors. These advantages enable a company to achieve superior profitability, market share, or other strategic objectives. Competitive advantage can arise from various sources, and businesses often seek to identify, develop, and leverage these advantages to stay ahead in the market. Twin (2023), a company's competitive edge is what sets its goods and services apart from those of its rivals in the eyes of consumers. Put differently, a company's ability to demonstrate its values to customers in a way that outweighs the price they pay is its competitive edge. Tonchia and De Toni (2003). According to Shodiya (2021), a company gains a competitive edge when it connects to its environmental opportunities and chances. This advantage helps the company thrive.

Lynch (2002), stated that competence includes knowledge and key skills that enables firm meet and surpass the expectation of customers with their quality product and service delivery of products. Based on this, it can be argued that knowledge is the basic skill for competitive advantage, which are observed as fundamental basis of competitive advantage.

The basic way of assessing competitive advantage, is with the use of comparative advantage (a firm's ability to produce a good or service more efficiently than its

competitors) or differential advantage (which is when a firm's products or services differ from its competitors' offerings and are seen as superior), (Twin, 2023). He also stated that competitive advantage is easily replicable and imitated by competitors. Some of the benefits of competitive advantage are: increase in profit margins and customer base, brand loyalty maintenance and attracts potential investors. Thus, this study used competitive advantage to assess its effect on EO amongst SMEs.

2.2. Theoretical Framework

2.2.1. The Resource Based View Theory (RBV)

For investigating EO in predicting SMEs competitive advantage in Lagos, this study invokes the Resource Based View (RBV) Theory. This theory is key for understanding and defining pro-activeness, innovation and sustainability that enables leaders take advantage of internal resources (Barney & Arikan, 2021).

Adekunle and Owolabi (2022) sated that resource-based theory emphasizes how businesses use a variety of resources to launch their entrepreneurial endeavors. Although having access to capital increases the likelihood of a new business venture succeeding, entrepreneurs frequently launch their ventures with little available cash. Entrepreneurs may also leverage human resources, such as education, and other resources, as well as social networks and the knowledge they offer. Furthermore, the intangible components of leadership the entrepreneur adds to the mix operate as resources that cannot be replaced but can help uncover ways of utilizing resources optimally, which is necessary for SMEs (Adekunle and Owolabi, 2022). Birger (1995) states that RBV theory remarkably impacts a firm's pro-activeness, innovativeness and sustainability. Evans and Jonanovic (2016) asserted that the process of strategic planning starts with an examination of a company's competitive standing within a certain industry. This is regularly accomplished by taking into account the surroundings of the company and determining what course of action might perhaps enhance the company's performance. Given this context, it makes sense for Anderson and Mullar (2003) to suggest that Resource-Based (RBV) theory can be viewed as a strategy formulation process that occurs "inside out." The process begins with acknowledging the resources that the company obtains, exploring opportunities for value creation, and implementing a plan that will support sufficient and sustainable value creation.

Moreover, the ideas of resources also encompass the diverse cognitive capacities that the business owner possesses in order to generate and integrate mixed resources. Identifying behaviors and skills that can be viewed as resources, organizing and combining resources, building a firm out of those resources, and producing a variety

of outputs that outperform competitors are the primary objectives of this analysis (Anderson & Miller, 2003).

2.3. Empirical Review

Kraus et al. (2012) reviewed the entrepreneurial orientation and the business performance of SMEs in the Netherlands in a quantitative study in the Netherlands in which a series of hypotheses were tested pertaining to its performance effects using survey data gathered from 164 Dutch SMEs and the principal component analysis with Varimax rotation was used for data analysis. The findings from the study showed that pro-activeness is directly related to the performance of the Dutch SMEs under investigation, and its effects on business performance is not affected by market turbulence. Innovativeness and risk-taking did show a direct significant relationship with business performance, but only when accounting for their interaction with market turbulence.

Butkouskaya, Llonch-Andreuand Alarcón-del-Amo (2020) carried out a study titled "Entrepreneurial Orientation (EO), Integrated Marketing Communications (IMC), and Performance in Small and Medium-Sized Enterprises (SMEs): Gender Gap and Inter-Country Context". In this study, structural equation modeling (SEM) was used to examine data collected from 315 manager questionnaires conducted in Belarus and Spain. The findings indicate that EO, IMC, and performance among SMEs in both marketplaces are positively correlated. Nonetheless, in the case of men managers in a developed market (Spain), as opposed to female managers, these relationships are noticeably stronger. In the developing market (Belarus), there was no discernible gender difference. Furthermore, on the other hand, when a manager is a woman in a developing market, the EO-IMC-performance linkages are stronger.

Runtuk, Kiat, Yin, Purwanto, Chairat and Yu (2023) carried out a study titled "Sustainable Growth for Small and Medium-Sized Enterprises: Interpretive Structural Modeling Approach". The study intended to create an interaction model for all factors that encourage sustainable SME growth. To create an interaction model of the factors that promote the growth of SMEs, an interpretative structural modeling (ISM) analysis is carried out. The findings demonstrate the importance of both internal and external facilitators for the expansion of SMEs. This study demonstrates that the internal enablers of managerial skills (MS), entrepreneurial orientation (EO), and ownership structure (OS) are interconnected and have a significant impact on the success of SMEs. Furthermore, outside facilitators like GS (government support) and CIL (customer involvement and location) are crucial in enhancing the effectiveness of other SME growth-related elements.

In the 1980s, competitive advantage became a tool for evaluating business operations' sustainability and value proposition in addition to their fundamental

financial performance (Tsenyil, Dakung & Goyit, 2018). It can also be defined as the aspect of an organization's success relative to rivals that supports the continuation of business operations. When a business maintains a distinct advantage over rivals, even in the face of their constant attempts to replicate it, it is said to have acquired a competitive advantage. According to Michael Porter's research, competitive advantage is attributed to three factors: (a) providing a tested value proposition that benefits end users; (b) delivering this value proposition through organizational activities in a way that rivals find difficult to copy; and (c) the advantage is sustainable in the face of competition and environmental change (Tsenyil, Dakung & Goyit, 2018). Technology innovation, human resource management, and organizational culture can all be used to gain a competitive advantage.

3. Research Methods

The research methodology outlined in this section includes the research design, data collection methods, and data analysis techniques used in the study.

3.1. Research Design

The research design chosen for this study is the descriptive survey research design. This is because the study seeks to produce data for analysis through the use of a questionnaire. The descriptive survey design allows for the collation of data from a large sample, in this case, a large sample of SMEs in Lagos State, so as to produce a snapshot of the current entrepreneurial orientation and competitive advantage amongst the SMEs in the state (Hair et al., 2019). The questionnaire served as the primary instrument for data collection, allowing for efficient data gathering from a diverse range of SMEs operating in Lagos State.

3.2. Population of the study

The target population of the study is 1,511 SMEs (Wholesales and Retails Only) from Lagos State, which is from the total SMEs population obtained from SMEDAN records as at 2021.

3.3. Sampling Size Determination

The Yamane (1967) formula of sample size calculation was used, as depicted below to determine the sample size of the study population.

$$n = \frac{N}{1+N\,(e)^2}$$

Where: n   =   Sample size

N   =   Elements of population of the study: 1,511

e   =   Sampling error: 5%

Substituting the formula above:

n   =   1,511

1+1,511 $(0.05)^2$

n   =   1,511

4.7775

n   =   316.27

=   316

3.4. Sampling Techniques

This study applied the snowballing sampling technique. Snowball sampling is a non-probability sampling technique that is commonly used in qualitative research, but it can also be adapted for quantitative studies such as the current research (Biernacki & Waldort, 1981). The SMEs in Lagos State are many and diverse, and as such, carrying out other sampling techniques has the risk of making us leave out SMEs in certain industries in the state. Snowball sampling technique is therefore justified in this study as it makes it easier to reach diverse SMEs in different industries.

The snowballing technique, also known as a chain referral technique involves an initial identification of participants through the researcher's network (Hair et al., 2019). These initial participants then use their own network to recruit more participants who are able and willing to participate in the study. In studies where it may be difficult to reach certain aspects of the population, this technique is useful as it leverages the power of network to penetrate the different layers of the population. With this, the researcher is able to ensure that the participants are able to provide valuable insights and recommendations for identifying other relevant participants. This cycle is repeated until all important information has been collected, and new contacts may not necessarily provide new additional information.

The first set of participants in this study were identified though purposive sampling as they were SMEs and they were also assessable to the researcher. The criteria at this initial point were that they operate or work in SMEs within Lagos State, and they have an understanding of entrepreneurial orientation and competitive advantage. They were then administered the questionnaire for the study. After they

had completed the questionnaire, they were asked to refer other participants who would fit in to the study. It is important to note that the determined sample size for the project was kept in view while admitting participants.

The snowballing sampling technique applied here has its limitations. It has the potential to introduce biases into the sample due to over representation of SMEs from certain industries. However, the method provides a valuable approach to accessing specific population where other sampling methods cannot yield success (Sekaran & Bougie, 2016).

4. Results and Discussion

The following is how the codes are arranged in the questionnaire: Agree (4), Strongly Disagree (1), Disagree (2), Undecided (3), and Strongly Agree (5). The study tool was validated using face and content validity. Cronbach Alpha reliability study shows a high level of internal consistency. Pro-activeness, inventiveness, risk-taking, and competitive advantage scored 0.713, 0.762, 0.770, and 0.827, respectively, according to the alpha coefficients.

4.1. Reliability and Viability Test of Research Instrument

Conducting research through online (google form) survey strategy is an essential aspect of research; in this case, questionnaire was subjected to reliability and validity tests. Face and content validity of the questionnaire was assessed by some experts such as academics, scholars and SMEs owners/managers who have in-depth knowledge in the area of study before it was administered.

Table 1. Reliability Analysis

Variable	Number of items	Cronbach's Alpha
Pro-activeness	5	0.713
Innovativeness	4	0.762
Risk Taking	5	0.770
Competitive Advantage	4	0.827

Source: Field Survey Results, 2023

4.2. Validity of the Instrument

The questionnaires were split up into multiple sections, each of which evaluated data for a different study purpose, in order to ensure construct validity. Principal Component Analysis (PCA) was used to statistically measure construct validity. The Kaiser-Meyer-Oklin (KMO) measure of sample adequacy and Bartlett's test of sphericity are the primary measures used to assess an instrument's validity in exploratory factor analysis (Field, 2018; Fabrigar et al., 1999). The KMO sampling

adequacy and Bartlett's sphericity test were used in the study to ascertain whether the statements that make up the research instruments for each variable genuinely measured the intended outcomes. The study's variables are genuinely measured by the questions if the KMO result is larger than 0.5. When assessing the variables under investigation, the Bartlett test of sphericity result at 0.000, or less than 5%, shows that there is a highly significant association among the variables.

Table 2. Validity Results: Confirmatory Factor Analysis

S/N	Variables	No. of Items	AVE	KMO	Bartlett Test
1	Pro-activeness	5	0.511	0.573	109.636
2	Innovativeness	4	0.515	0.511	84.681
3	Risk Taking	5	0.531	0.632	63.268
4	Competitive Advantage	4	0.541	0.554	237.201

4.2.1. Researcher's Computation from Field Survey (2023)

The results of the Bartlett test of sphericity, which is less than 5% and the KMO test, which is larger than 5%, respectively, in this study show that the statements that made up the research instruments for each variable were indeed measuring the desired things. Confirmatory factor analysis was utilized to further demonstrate the construct validity of the study instrument. All variables in the research instrument were found to have construct validity when the Average Variance Extracted (AVE) value was greater than 0.5. The result of the KMO and Bartlett test of sphericity are shown in Table 2 below.

Table 3. Response Rate

Category	Frequency	Percentage
Completed usable copies of the questionnaire	243	77.0%
Unreturned usable copies of the questionnaire	73	23.0%
Total	**316**	**100**

Source: Field Survey, 2023

4.3. Data Treatment Results

This section summarises the outcomes of the treatment conducted on the data obtained during fieldwork before the hypotheses were evaluated using regression analyses. Certain pre-diagnostic tests were conducted on the data to confirm that all of the fundamental regression assumptions were met. As diagnostic tests, normality, and multicollinearity tests were performed.

4.4. Results of Normality Test

The skewness and kurtosis statistics, as suggested by Kline (2005), Cunningham (2008), and Creswell (2008) were used to check for normalcy. The results of the normalcy test are listed in Table 4.

Table 4. Skewness and Kurtosis results for the Variables

Variables	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Pro-activeness	243	-1.666	.128	3.097	.255
Innovativeness	243	-1.754	.128	3.296	.255
Risk-Taking	243	-1.799	.128	3.372	.255
Competitive Advantage	243	-1.963	.128	4.736	.255

Source: Researchers' Findings 2023

Table 4, demonstrates that all variables had skewness coefficients ranging between -1.963 and -1.666 and kurtosis coefficients between 3.097 and 4.736, which falls within the specified threshold of values between -3 and +3 for skewness and values less than +7 for kurtosis (Cunningham, 2008; Creswell, 2008; Kline, 2005), indicating the normal distribution of the survey data.

4.5. Multicollinearity Test

This study uses the variance inflation factor (VIF) and tolerance levels to test for multicollinearity. A tolerance value of less than 0.1 indicates a severe problem with collinearity. The VIF value must be at least 10 and the acceptable tolerance value must be at least 0.1. (Pallant et al., 2004). The presence of multicollinearity is indicated by a VIF value greater than 10. The results of the multicollinearity measurements are summarized in Table 5.

Table 5. Variance Inflation Factor and Tolerance Value Results

Variables	Collinearity Statistics	
	Tolerance	VIF
Pro-activeness	.150	6.661
Innovativeness	.208	4.807
Risk-Taking	.170	5.882

Source: Researchers' Findings 2023

Table 5 reveals that the VIF for the variables ranges from 5.882 to 6.661 indicating the absence of multicollinearity between the variables. The tolerance values were above 0.1 and ranged between 0.150 and 0.208. The results show that there is no

significant relationship between the components of Pro-activeness, Innovativeness and Risk-Taking confirming the absence of multicollinearity.

Table 6. Hypothesis One, Two and Three:

H_01: Pro-activeness does not significantly affect competitive advantage of SMEs in Lagos State.

H_02: Innovativeness has no effect on competitive advantage of SMEs in Lagos State.

H_03: Risk taking does not have influence on competitive advantage of SMEs in Lagos State.

Effect of Pro-activeness, Innovativeness and Risk-Taking on Competitive Advantage

N	Model	*B*	T	Sig.	ANOVA (Sig.)	R	Adjusted R^2	F (3,239)
	(Constant)	1.893	1.300	.195				
	Pro-activeness	0.241	2.732	.007				
	Innovativeness	0.300	3.750	.000	0.000[b]	0.699[a]	0.482	85.367
	Risk-Taking	0.177	2.051	.041				
243								
	a. Dependent Variable: Competitive Advantage							
	b. Predictors: (Constant), Pro-activeness, Innovativeness and Risk-Taking							

Source: Researchers' Findings 2023

The effects of entrepreneurial orientation on the competitive advantage of SMEs in Lagos State are displayed in Table 6 as a result of a multiple regression analysis. The findings show that the competitive advantage of SMEs is positively and significantly impacted by pro-activeness ($\beta = 0.241$, $t = 2.732$, p<0.05), innovativeness ($\beta = 0.300$, $t = 3.750$, p<0.05), and risk-taking ($\beta = 0.177$, $t = 2.051$, p<0.05). The study's findings demonstrated that every aspect of entrepreneurial approach significantly affects competitive advantage.

Proactiveness, innovativeness, and risk-taking are positively connected with competitive advantage at (R) 0.699, according to Table 6. Proactivity, inventiveness, risk-taking, and entrepreneurial orientation have a somewhat favorable correlation with competitive advantage. According to the results, the Adj.R2 equals 0.482, meaning that variations in pro-activeness, innovativeness, and risk-taking can account for 48.2% of the variation in competitive advantage at a 5% significant level. Other factors not included in the model account for 51.8% of the variation in

competitive advantage. This indicates that, regardless of competitive advantage, SMEs' three traits of proactively, innovation, and risk-taking accounted for 48.2% of the variance. In order words, the elements of an entrepreneurial mindset such as proactiveness, innovativeness, and risk-taking collectively explain 48.2% of the variation in the competitive advantage of small and medium-sized enterprises in the state of Lagos. R^2 values are evaluated as follows, per Cohen (1988): 0.26 considerable, 0.13 moderate, and 0.02 weak. With an R-square value of 0.48, the impact of the independent factors on the dependent variable in this instance is significant. Thus, in this study, proactivity, inventiveness, and risk-taking are significant factors that determine competitive advantage. From the coefficients in table 6, the established predictive and prescriptive regression equation for the direct effect of Pro-activeness, Innovativeness and Risk-Taking on competitive advantage were:

According to the regression equations, competitive advantage would be 1.893, which is positive because of the constant, assuming pro-activeness, innovativeness, and risk-taking remain constant. The prescriptive model's variables showed that competitive advantage would rise by 0.241, 0.300, and 0.177 units, respectively, for every unit improvement in each of the entrepreneurial orientation measures—pro-activeness, innovativeness, and risk-taking. This illustrated how alterations in pro-activeness, inventiveness, and risk-taking would result in modifications or enhancements to competitive advantage. At $p<0.05$, the whole model's F-statistics (df = 3, 239) = 85.367 indicate significance. At the 5% level of significance, the p-value < 0.05 indicates that pro-activeness, innovativeness, and risk-taking have a substantial impact on competitive advantage. Additionally, this shows that among SMEs in Lagos State, the entrepreneurial orientation aspects of pro-activeness, innovativeness, and risk-taking significantly predict competitive advantage. The null hypotheses one, two, and three (H01, H02, and H03), which contend that proactivity, inventiveness, and risk-taking have no appreciable impact on competitive advantage, were rejected in light of these findings.

4.6. Discussion of Findings

Finding revealed that entrepreneurial orientation measures such as Pro-activeness, Innovativeness and Risk-Taking have positive and significant effect on competitive advantage of SMEs in Lagos State. Past studies such as Adamu, Wan, and Gorondutse (2019), Dansu (2013), Soto-Acosta et al. (2016), and Zaato, Ismail, Uthamaputhran and Owusu-Ansah (2020) supported the finding of this study that pro-activeness, innovativeness and risk-taking positively enhanced SMEs overall performance. Also, some of the study that tends to agree with the study is the findings of the study agreed with the findings of past studies such as Kamau and Njuguna (2022) and Ladipo et al (2017) among others.

Furthermore, the competitive advantage happens to be the bedrock of achieving a successful competitive strategy and this can also lead to the creation of a clear competitive advantage in business. Based on majority of past related studies agreement with the finding of this study, thus this study rejected the three null hypotheses.

5. Conclusion

The study emphasizes the importance of EO as a crucial component in gaining a competitive advantage, and the results show that EO has a favorable and substantial impact on SMEs in Lagos that have a competitive advantage. The results show that product intelligence significantly and favorably affects SMEs in Lagos State's ability to compete. The study's overall conclusion is that, for SMEs in Lagos State, identifying and gaining a competitive edge depends heavily on marketing intelligence.

The findings of the study are consistent with Li & Huang (2020) who found that effective EO (marketing intelligence) practices were associated with higher levels of competitive advantage amongst SMEs in the manufacturing sector. Another study that resonates with the current study is Diamantopoulos et al. (2012) who explored the relationship between EO and competitive advantage in a broader context. The study discovered that firms with superior EO were more likely to achieve and sustain competitive advantage over their rivals.

The positive influence EO on SMEs' competitive advantage aligns with studies that have emphasized the importance of product innovation and differentiation in gaining a competitive edge. Research by Chen et al. (2014) demonstrated that SMEs with a focus on product innovation and continuous improvement were more likely to outperform their competitors and achieve sustainable competitive advantage.

In conclusion, the findings of this study corroborate existing research highlighting the significance of pro-activeness, innovativeness and risk taking in driving SMEs' competitive advantage. By understanding the market, customers, and competitors, SMEs in Lagos State can enhance their competitive positioning and achieve long-term success in their respective industries.

5.1. Recommendations

This study has revealed the effect of EO dimensions of pro-activeness, innovations, risk taking and SMEs competitive advantage. However, it is therefore recommended that:

i.   SMEs should improve on their products and services by creating value and also ensure creativity to enable good positioning of their business to competitive advantage.

ii.   SMEs should continuously gather industries information and analyze, which will be used in the future for strategic direction in order to achieve business growth and improve the economy.

iii.   SMEs should develop interest in taking calculated risk at the expense of developing or improving competitive advantage.

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SECTION A.

INSTRUCTION: Please kindly tick {√} option that indicates your position:

Gender: Male ( ) Female: ( )

Marital Status: Single ( )   Married: ( )

Age: 28 - 35 ( )   36-45 ( ) 46 + ( )

Years of Experience: 6-15years ( ) 16-25 years ( ) Above 25 years ( )

Educational Qualification: S.S.C.E ( ) OND ( ) HND/B.Ed/B.Sc ( ) M.Sc ( ) Other ( )

SECTION B

INSTRUCTION: Kindly tick {√} the most appropriate options that express your opinion on the questions below. Note that SA denotes Strongly Agree = 5, A denotes Agree = 4, U denotes Undecided = 3, D denotes Disagree = 2 and SD denotes Strongly Disagree = 1

	Pro-activeness	Strongly Agree (SA)	Agree (A)	Undecided(U)	Disagree (D)	Strongly Disagree (SD)
1	Being active in business by the SMEs helps in increasing the sales factor.					
2	Activeness by the SMEs will always make them remember the goal of the business.					
3	Activeness mostly brings about selfish interest by the SMEs which makes them monitor their sales growth so as to increase their profitability.					
4	When activeness is applied in business by the SMEs this is highly healthy for the business.					
5	SMEs should rely on being active in the operations of the daily business.					
6	Being active in the business also brings about a framework in which helps in the development of the SMEs generally.					
7	The SMES managements should get all resources or the technical support needed in getting active daily in the business so as to increase the market share.					
8	SMEs activeness brings about loyalty to the business itself and increase the sales and revenue of the SMEs.					
9	With the intervention of SMEs owners' activeness, it is certain that performances will surely be increased.					
10	There are not many SMEs that achieve more positive results without the owner getting actively					

	involved in the daily running of the business.				

	Innovativeness	Strongly Agree (SA)	Agree (A)	Unde cided (U)	Disag ree (D)	Strongly Disagree (SD)
1	New ideas helps in the SMEs competitive advantage					
2	The SMEs should make sure that there is deep thinking on the means of creating innovation frequently so as to stay relevant.					
3	Innovation helps in bringing out the best competitive advantage from SMEs					
4	The organizational goals should be targeted with the use of motivation.					
5	With innovation those SMEs can get the best on sales.					
6	There are no other ways of getting more profit from a SMEs rather than creating innovation.					
7	Most organization that bring in new idea often tends to achieve more profit and increase in their sales growth.					
8	Organizations that put more strength on innovations tends to achieve more market share of customers.					
9	Innovation in business environments should be made relevant because it is only new ideas that can increase the company share of profit					
10	The competitive advantage and the results of the organizations solely depend on the new ideas which is					

	been introduced to the managements.					

	Risk taking	Strongly Agree (SA)	Agree (A)	Undecided(U)	Disagree (D)	Strongly Disagree (SD)
1	Knowing that risk taking in businesses helps in the decision making of SMEs and give them more reasons to think deep					
2	Risk taking is a responsibility which is shouldered by the SMEs this is one or two ways increased the competitive advantage of the SMES					
3	Having the business as a separate entity with the owner helps in the risk-taking processes of an entrepreneur,					
4	Making profit in businesses demand taking different risks					
5	Risk taking in happens helps in improving and increasing the customer base of the SMEs					
6	If the SMEs give recognition to risk taking this means that the owner would tends to make more profit					
7	Every SMEs should try and take more good risk because it helps in increasing the competitive advantage and results of the SMEs.					
8	If the know more about risk taking the organization productivity will increase					
9.	Risk taking by the SMEs helps to give motivation to the owner					
10	All SMEs needs the risk-taking idea so as to flourish in the business line.					

	Competitive Advantage	Strongly Agree (SA)	Agree (A)	Undecided(U)	Disagree (D)	Strongly Disagree (SD)
1	My company's current market share in its industry is significant.					
2	I have observed positive changes in my company's market share over the past year.					
3	My company's profitability is better than other firms in the industry					
4	Customers are highly satisfied with the products or services offered by my company.					
5	There are consistent patterns of repeat business and customer retention.					
6	My company's offerings are unique and distinctive compared to competitors.					
7	My company's prices are highly competitive compared to similar products/services in the market.					
8	My company's brand has an excellent reputation in the industry.					
9.	Customers perceive my company's brand as trustworthy, reliable, and of high quality.					
10	Specific features or benefits set my company's products/services apart in the market.					