

Entrepreneurial Orientation Course

For Business Owners in Nigeria

*An initiative of Ilesa Business School to support
SMEs development in Nigeria*

Delivered by

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Introduction

- When asked to think of entrepreneurs, names like Dangote, Mark Zukarberg, Bunmi Awosika, Alakija, Lawrence Omole, etc
- These are the individuals who have started their own successful businesses from the bottom up that generated a lasting impact on society!
- Please note that entrepreneurial thinking and doing are not limited to those who begin small! Some people in large organizations are filled with passion for a new idea, spend their time championing new products or services, work with key players in the organization to build a constituency, and then find ways to acquire the needed resources to bring the idea to fruition.
- But today, this course was designed increase entrepreneurial orientation of small business owners in Nigeria

Objectives

At the end of this course, participants will be able to:

- 1) define entrepreneurial orientation;
- 2) list dimensions of entrepreneurial orientation;
and
- 3) explain how thinking and acting entrepreneurially can help enterprises to grow

Introduction

- The world is changing so rapidly, non-entrepreneurial organizations are at significant risk of being left behind!
- And companies left behind are often gone in fairly short order.
- A cursory self-examination of the products and services we use daily, reveal that many of these were not even invented five to ten years ago. Smart phones are just one example.

Introduction Ctd

- What is entrepreneurship?
- Entrepreneurship is a willingness to and process (science and art) of identifying in advance, a problem (needs, gaps) in a particular society or industry or an organization, and providing sustainable solution by designing, launching, implementing and evaluating the new venture innovatively with the element of risk bearing of which profitability is achieved.

Entrepreneurial Firm

- This is an organization or a business outfit that engages in product –market innovations, undertakes somewhat risky ventures and has proactive innovation and competitive aggressiveness which captures the idea of beating competitors to the punch and the tendency toward independent and autonomous action

What is Entrepreneurial Orientation?

- **Entrepreneurial orientation (EO)** is a strategic **compass reading** which captures an organization's strategy-making practices, managerial philosophies, and firm behaviors that are **entrepreneurial** in nature.
- EO is a key concept when executives are crafting strategies in the hopes of doing something new and exploiting opportunities that other organizations cannot exploit.
- EO refers to the processes, practices, and decision-making styles of organizations that act entrepreneurially.
- Any organization's level of EO can be understood by examining how it stacks up relative to five dimensions

The five dimensions of EO

- It offers concrete guidelines of how individuals and firms can be more successful in their task and achieve improved performance
- Entrepreneurial orientation involves a willingness to innovate, search for risks, take self-directed actions, and be more proactive and aggressive than competitors toward new marketplace
- There are five distinguished dimensions of entrepreneurial orientation, including innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy

Autonomy

- The tendency to bring forth ideas and see them through completion.
- It refers to whether an individual or team of individuals within an organization has the freedom to develop an entrepreneurial idea and then see it through to completion.
- In an organization that offers high autonomy, people are offered the independence required to bring a new idea to fruition, unfettered by the shackles of corporate bureaucracy
- Autonomy is the degree to which organizational actors (people and equipment) remain free to act independently, make decisions and pursue opportunities.
- When individuals and teams are unhindered by organizational traditions and norms, they are able to be more effectively investigated and champion new ideas.

Competitive Aggressiveness

- The tendency to intensely and directly challenge rivals rather than trying to avoid competition.
- Aggressive moves can include price-cutting and increasing spending on marketing, quality, and production capacity
- Sometimes aggressive moves can backfire!
- A small firm that attacks larger rivals, for example, may find itself on the losing end of a price war

Innovativeness

- The tendency to pursue novel ideas, creative processes and delivery
- is the tendency to pursue creativity and experimentation. Some innovations build on existing skills to create incremental improvements, while more radical innovations require brand-new skills and may make existing skills obsolete.
- Either way, innovativeness is aimed at developing new products, services, and processes.
- Those organizations that are successful in their innovation efforts tend to enjoy stronger performance than those that do not.

Proactiveness

- is the tendency to anticipate and act on future needs rather than reacting to events after they unfold or rely solely on existing products and services
- A proactive organization is one that adopts an opportunity-seeking perspective. It focuses on emerging and unusual opportunities
- Such organizations act in advance of shifting market demand and are often either the first to enter new markets or “fast followers” that improve on the initial efforts of first movers.

Risk Taking

- The common belief about entrepreneurs is that they are chronic risk takers!
- Researches confirm that entrepreneurs do not perceive their actions as risky!
- Most entrepreneurs take action only after using planning and forecasting to reduce uncertainty.
- Hence risk taking may actually undermine rather than improve business performance

Innovativeness Questions

- Adding more features in our products have been emphasized
- New processes are introduced in our firm every six (6) months to improve our operations
- Every year, management allocate some portion of our budget to Research and Development (R & D)

Risk Taking Questions

- Our company has a strong propensity/proclivity for high-risk projects, with chances of high returns.
- When confronted with decisions involving uncertainty, our firm typically adopts a bold posture in order to maximize the probability of exploiting opportunities.
- Owing to the nature of the environment, bold and wide-ranging actions are required to achieve the firm's objectives.

Proactiveness Questions

- Owing to the nature of the environment, our firm typically takes steps to be able to withstand unexpected turbulence in the market.
- Our firm constantly looks for businesses that can be acquired.
- Usually our firm is the first to introduce new brands or products or process into the market.

Conclusion

- The main three dimensions of EO that have been used consistently and which have direct effect on sales and profit are: innovativeness, risk-taking and pro-activeness.
- Innovativeness indicates the firm's tendency to support new ideas and foster creative processes that aim to develop new products and services. Risk taking is the firm's tendency to support projects in which profits are uncertain. Pro-activeness means taking initiative and pursuing new business opportunities in emerging markets.
- The other two new dimensions are competitive aggressiveness and autonomy. Competitive aggressiveness refers to taking more initiative towards customers, so that competition leads to the challenges encountered in seeking a new market or to improve their competitive position. Autonomy is the degree to which organizational actors (people and equipment) remain free to act independently, make decisions and pursue opportunities.
- Effective application of these dimensions into your business, will greatly bring positive and strong effect on your business performance particularly on sales and profits.

- Thank you