

Dynamic Capabilities and Entrepreneurship Growth of Selected Small and Medium Enterprises (SMEs) In Ibadan Southwest Local Government Oyo State, Nigeria

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Abstract

The study investigates dynamic capabilities and entrepreneurship growth among selected small and medium enterprises (SMEs) in Ibadan Southwest Local Government, Oyo State, Nigeria. This study adopts survey research design in which primary source of data is used in carrying out this study. A total number of one hundred and twelve (112) questionnaires out of one hundred and sixteen (116) was completely filled and returned as the sample size of this research study. The data collected are tested and analyzed using descriptive statistics, multiple regression and correlation coefficients which reveal that the overall

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regression model is fit with aid of SPSS. The finding indicates that there is significant relationship between dynamic capabilities and entrepreneurship growth. Results showed that there is no significant relationship between sensing capabilities and entrepreneurship growth ($R^2 = 0.723$, F-statistic = 28.098, $\beta = 11.437$, $t = 13.221$, $p < .05$); and there is no significant relationship between seizing capabilities and entrepreneurship growth ($R^2 = 0.650$, F-statistic = 21.296, $\beta = 0.804$, $t = 15.678$, $p < .05$). The study concluded that entrepreneurship growth success arises in knowing which capabilities are important to SMEs in terms of daily survival and which are necessary for a sustainable competitive advantage is critical to the ongoing viability of the firm growth. The study therefore recommends among other that SMEs must pay attention to dynamic capabilities that are superior to basic abilities and monitor the changing environment.

Keywords: Dynamic Capability; Entrepreneurship Growth; Sensing Capabilities; Seizing Capabilities; SMEs

1.0 Introduction

The concept of dynamic capabilities is an approach that promotes a better understanding of knowledge restructuring (Di Stefano, Peteraf and Verona, 2014; Li and Liu, 2014). Dynamic capabilities are the ability of a company to adapt its process and resource-base, including knowledge, in response to changes to environmental variables (Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece and Winter, 2007). Although the field of dynamic capabilities research is increasingly converging towards this common definition (Giudici and Reinmüller, 2012), recent

reviews of the literature reveal that the understanding of the concept of dynamic potentials differs sharply between two major sub-flows that depend on seminal works of Teece, Pisano and Shuen (1997) and Eisenhardt and Martin (2000) (Di Stefano et al., 2014).

In a dynamic, rapidly changing and intensely competitive global environment that we have today, the crucial nature of dynamic capabilities is manifested by its rapid use in the development of small and medium enterprises (SMEs) throughout the strategic literature (Corbo, 2012; Namusonge, Muturi and Olaniran, 2016). Globally, dynamic capacity is considered an essential condition for entrepreneurship, product development, SME growth and profitability. In the private sector, organizations operate in a dynamic competitive market to achieve entrepreneurial growth. Dynamic capabilities are often a prerequisite for survival, the ability to innovate is always considered the most important factor for developing and sustaining competitive advantage as well as for developing entrepreneurship, and value creation by organizations (Letangule and Letting, 2012).

Over the decades, research has shown that SMEs create entrepreneurship to add to their knowledge in order to facilitate revenue growth (Mcgrath, Venkataraman and MacMillan, 1994). Also, SMEs create entrepreneurship to improved profitability (Zahra, 1993), improved competitiveness (Kuratko, Covin and Garrett, 2009) and innovation (Ferreira et al., 2015) as an important dynamic engine of growth (Burgelman and Doz, 2013; Morris, Kuratko and Covin, 2011; Soriano and Huarng, 2013). This ensures a deeper

understanding of entrepreneurship in organizational environments, especially the role it plays in enabling SMEs and the potential to integrate well into an organization's resources and strategies and, consequently, to drive organizational performance to higher levels. The nature and complexity of the relationships and activities that exist between dynamic capabilities and business development have not been fully studied in the field of SMEs, especially when the effect of potential opportunities in determining entrepreneurial development cannot be ruled out (Oghojafor and Ogunkoya, 2015).

The rapidly changing business environment has made an increased dependence on SMEs to achieve and maintain competitiveness, improve profitability and succeed in today's dynamic market (Shamsuzzoha et al., 2013; Stanimirovic, 2015). This has been a pedal for innovation-related activities, which tend to be technology-based (Siegel, 2011) and designed to achieve better and greater efficiency (Consoli, 2005; Igun, 2014).

Entrepreneurship contributes to the quality and growth of a sub-sector, economy industry or even a country because it is seen as a catalyst that is considered as mechanism for the development and sustenance of a nation's economic growth (Soriano and Huarng, 2013). The role of entrepreneurs is vital for the creation of new economic activities that contribute to value creation (Huarng and Yu, 2011) and the creation of wealth and employment (Avlonitis and Salavou, 2007; Huarng and Yu, 2011). Corporate entrepreneurship has been a growing field of study in recent decades (Shane and Venkataraman, 2000). Entrepreneurship is present in large and stable

organizations (Verheul, Uhlaner and Thurik, 2005) and small and medium enterprises (SMEs) (Ashworth, 2012; Bettiol, Maria and Finotto, 2012). Thus, the form of entrepreneurship business includes innovative practices within organizations (Stopford and Baden-Fuller, 1994), franchising (Shane and Hoy, 1996), acquisition practices (Gartner, 1990) and recognition of opportunities (Renko, Shrader and Simon, 2012). Entrepreneurship encourages competition in today's environment, which has an impact on globalization.

There are challenges to encouraging entrepreneurial activity and potential opportunities in SMEs. According to Hussien (2010), Oyewale, Adeyemo and Ogunleye (2013), Ayodeji (2016) and Namusonge, Muturi and Olawoye (2016), these challenges include a lack of capital investment, poor infrastructure, education and training systems, encumbering regulations, and in general deficiencies in know-how, skills and acquisition. Other barriers include constrained managerial capabilities, difficulty in utilizing technology which results in low productivity and tremendously declined SMEs profitability, growth and idea of new product development in Nigeria. With the dynamism of the environment and changes in consumption pattern and policies, the small and medium enterprises (SMEs) innovating in products has been a challenge; hence their development and survival is not guaranteed (Ibidun and Ogundana, 2014). Though resources are scarce, most SMEs in Nigeria do not employ modern techniques and processes hence they lack innovation culture in products development and they roll out the same products from time to time without innovation and product development to attract and control customers' loyalty. These attitudes serve as

an impediment on the eventual growth and development of SMEs and increase in customer disloyalty in Nigeria (Ibidun and Ogundana, 2014).

The broad objective of this study is to examine the relationship between dynamic capabilities and entrepreneurship growth of selected small and medium enterprises (SMEs) in Ibadan Southwest Local Government, Oyo State. The specific objectives are to: (i) explore the relationship between sensing capabilities and entrepreneurship growth of selected SMEs in Ibadan Southwest Local Government, Oyo State; (ii) determine the relationship between seizing capabilities and entrepreneurship growth of selected SMEs in Ibadan Southwest Local Government, Oyo State.

This study then provides answer to the following questions; (i) Is there any significant relationship between sensing capabilities and entrepreneurship growth of selected SMEs in Ibadan Southwest Local Government, Oyo State? (ii) Is there any significant relationship between seizing capabilities and entrepreneurship growth of selected SMEs in Ibadan Southwest Local Government, Oyo State?

The following research hypotheses were formulated and tested in this study; (i) There is no significant relationship between sensing capabilities and entrepreneurship growth (ii) There is no significant relationship between seizing capabilities and entrepreneurship growth.

This study is arranged by starting with section one which discusses the introduction. Section two focuses on theoretical framework and literature review, while section three focuses on

the research design methodology. Section four focuses on presentation of data, analysis, conclusion and recommendation.

2.0 Review of Related Literature

2.1 Conceptual Review

2.1.1 Concept of Dynamic Capabilities

The dynamic capability (DC) was introduced by Teece, Pisano and Shuen (1997) and is a further explanation and extension of the Resource Based View (RBV) (Barney, 1991; Wernerfelt, 1984), as against the competitive forces framework, RBV and DC explain competitive advantage through internal capabilities. The static nature of the RBV is one of its major criticisms, and thus cannot explain competitive advantage in rapidly changing environments, as the emphasis is on the operational capabilities of the organization (Kraaijenbrink, Spender and Groen, 2009). Consequently, Teece, Pisano and Shuen (1997) define dynamic capabilities as the subset or part of the competences and capabilities that allow the organization to create novel products and processes and react to changing market conditions. Winter (2003) demonstrates the distinguishing features of ordinary (operational) capabilities and dynamic capabilities, by defining ordinary capabilities as “zero level” capabilities that “permit a firm to make a living in the short term”, and dynamic capabilities as higher order capabilities that operate to extend, modify or create ordinary capabilities.

Dynamic is the outcome of creating new things in conformity with the changing environment. On the other hand, capabilities encompass the integration of new skills and knowledge that repeatedly and continuously ensure work expertise and

reconfigure to the fluctuating external environment. Dynamic capabilities can also refer to the capacity of an organization to reduce connections and as well the utilization of available resources to create new things in line with the changing environment (Jantunen et al., 2012; McKelvie and Davidsson, 2009; Garbellano and Da Veiga, 2019). Dynamic capability is a vital building organizational innovation capacity that stimulates creativity and performance. Most organizations that concentrate on the improvement of strong dynamic capability usually have the ability to drive strategy and adjust to innovation, thereby enabling it to compete with competitors (Fallon-Byrne and Harney, 2017; Mikalef, 2019; Strøm-Andersen, 2019).

The original definition of dynamic capabilities was given by Teece et al., (1997) to mean the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environment. To avoid the repetition of defining capability with capability, from the process perspective, Eisenhardt and Martin (2000) propose another broad definition that dynamic capabilities are a set of specific and identifiable processes such as product development, strategic decision making and alliancing. From the routine perspective, Zollo and winter (2002) sees dynamic capabilities as a learned and stable pattern of collective activities directed to the development and adaptation of operating routines.

2.1.2 Types of Dynamic Capabilities

a. Sensing Capabilities

Sensing capabilities are the firm's activities and processes that are applied for the scanning of the external environment, interpreting information, and searching and identifying market opportunities. Sensing capabilities comprises a firm's ability to

recognize minor and major shifts in the industry environment that could have significant impact on the firm's business based on its current capability position (Hernández-Linares et al., 2020; Ince and Hahn, 2020; Pitelis and Wagner, 2019; Helfat and Raubitschek, 2018; Teece, 2007, 2017; Barney, 2017). As a result, sensing usually relates to the recognition of opportunities and threats and the monitoring of the current capability endowment (Hernández-Linares et al., 2020; Teece, 2009, 2014; Kuuluvainen, 2013; Barreto, 2010).

When there is a fluctuating and unpredictable risk of technology, sensing is the ability to initially realize them, and then learn and understand information concerning those changes. Responding to these changing situations can conceptually solve business problems. Sensing capability can be likened to the capacity to foresee the future and adapt, by developing fresh abilities (Teece et al., 1997; Teece, 2019). Sensing involves the acquisition of knowledge about the external and internal environment for long-term strategic decision-making. Thus, it is a set of dynamic capabilities that includes gaining knowledge about competitors, exploring new technological opportunities, researching markets, listening to customers and suppliers, and exploring other variables of the business system. Through the systematic use of identification activities, companies can discover new opportunities, reveal latent demand, discover early moves by both suppliers and competitors, and identify risks in a timely manner (Wilhelm et al., 2015)

b. Seizing Capabilities

Seizing Capabilities are related to the company's efforts to seize market opportunities and make decisions about strategic investments and business models and how to organise value chains and ecosystems (Teece, 2007). It is the ability to select resources according to changes in capabilities. Strategic business plans evolve and adapt through skills training to meet the demands of new customers and the use of technology to identify changes that will occur. Cost adjustments are usually made to adapt the product to the varying future consumer needs (Teece, 2012; Jantunen et al., 2012). Seizing includes the process of mobilizing and inspiring organizations to develop a willingness to grab opportunities and mitigate risks. The main activities within this project include, among others, business analysis and dissemination, fund raising, strategy implementation planning and innovative business models (Feiler and Teece, 2014).

It is not enough to feel or look for opportunities. New businesses must also be able to “seize” opportunities as soon as they are identified, that is, invest in the necessary technologies, resources and additional assets to create sustainable business models based on opportunities (Chesbrough, 2010; Kindström et al., 2013 ; Teece, 2010). Seizing includes mobilizing resources to explore and develop opportunities and exploit these activities (Teece, 2014). Taking advantage and seizing of opportunities, entrepreneurs evaluate their new and existing capabilities and invest in “appropriate projects and technologies that are likely to be accepted by the market” (O'Reilly and Tushman, 2007; Teece, 2007; Wilden et al., 2013).

c. Transforming Capabilities

After opportunities are sensed and then seized, the dynamic capabilities perspective contends that ventures must continually renew and transform their resources and processes in response to signals from their shifting environment (Teece et al., 1997). Transforming is necessary because existing resources and capabilities become less valuable as competitors replicate them and as markets shift. Thus, to sustain profitability, entrepreneurs must be able to transform their ventures' assets, competencies and business models to address changing market circumstances (Harreld et al., 2007). Transforming is a challenge because, over time, firms become complacent and rigid in their routines. Slight adjustments to business models are often insufficient to sustain the competitive advantage associated with an opportunity (or set of opportunities).

Transforming capabilities represent a firm's ability to orchestrate its asset base, transform resources and processes to new valuable combinations, and build new capabilities through learning (Jantunen, Puumalainen, Saarenketo and Kyläheiko, 2005). Transforming capabilities is the final chain in a procedural perspective on dynamic capabilities and is widely accepted as a core element of dynamic capabilities (Hernández-Linares, et al., 2020; Ince and Hahn, 2020; Teece, 2007, 2017; Barney, 2017; Kuuluvainen, 2013; Barreto, 2010; Eisenhardt and Graebner, 2007; Eisenhardt and Martin, 2000). Transformation relates to the internal creation of new capabilities and the integration of newly created or acquired capabilities (Barney, 2017; Amit and Han, 2017; Capron and Mitchell, 2009; Lavie, 2006).

2.1.3 Entrepreneurship Growth

Entrepreneurship Growth refers to the process of enhancing business skills and knowledge through organized training and institution building programmes. The objective of entrepreneurship growth is to expand the business base in order to accelerate the pace of start-up. This accelerates job creation and economic growth. Entrepreneurship growth is aimed at a person who wants to start or expand his business. In addition, it focuses more on growth potential and innovation (Osemeke, 2012). According to Ayodeji (2016), Entrepreneurship growth is any action or effort made in relation to entrepreneurship in order to develop, mature and gain greater benefits. Esuh and Mohd (2011) added to the body of knowledge that the impact of entrepreneurship growth has been greatly delayed and has therefore been recognized worldwide in various countries around the world.

Mitchelmore and Rowley (2010) have equally contributed to the fact that entrepreneurship growth activities also include those engagements that make entrepreneurship attractive to non-entrepreneurs in order to develop their interests, skills and abilities to participate in entrepreneurship. Thus, looking at the Nigerian economy, Osemeke (2012) explains that the development of entrepreneurship was designed by successive - governments as an action plan aimed at increasing the knowledge, skills, behaviour and attitudes of individuals and groups to take on the role of business people.

2.2 Theoretical Review

2.2.1 Organizational Learning Theory

Following the popularization of the learning organization concept by Senge in 1990, the function of organizational learning in achieving competitive advantage and superior performance is to determine the speed with which an organization learns (Stewart, 1996). Organizational learning theory focuses on how a company builds its knowledge base over time and develops its knowledge base to achieve superior results, such as new product development, high customer retention, SME development, wealth creation and more.

There are various perspectives under this theory including organizational learning, a knowledge-based approach and knowledge management. Organizational learning processes include key elements that support knowledge productivity processes that include finding information, assimilating, developing, and creating new knowledge about products, processes, and services (Verdonschot, 2005).

Organizations need capable individuals to learn and interpret new information and technological changes from the external environment (Birdthistle and Fleming, 2005; Casey, 2005). The members of an organization must be able not only to process information effectively, but also to be creative.

Nigeria firms require competent people that can learn, interpret and store new information and various changes from the external environment (Birdthistle and Fleming, 2005; Casey, 2005). Staff of the organization must not only possess the

ability to process information efficiently, but also to generate new knowledge quicker and faster than other competitors. The literature has also connected organizational learning to major tools for realizing an organization's renewal strategy (Crossan and Berdrov, 2003). Knowledge of the organization is a plus that can be planned and managed to achieve the innovative performance of the firm (Pham and Svierczek, 2006). As a result, organizational learning is known as a basic source of competitive advantage, and is also associated with innovative efficiency in the innovation literature (Lopez, Peon and Ordas, 2005).

2.3 Empirical Review

Lev and Sinkovics (2013) concluded their research on the impact of strategic unity at the international level and its impact on sustainable competitive advantage that high-tech industries enjoy a strategic alliance as a source of product development, gaining international market share and developing sustainable competitive advantages. Lim et al., (2012) concluded in their study that the stronger the IT booth managers are in terms of structural strength in the organizational hierarchy, the stronger the role of IT in the organization and the more sustainable the competitive advantage for the organization.

Feng et al., (2010) conducted a study in China between 2008 and 2009 and concluded that customers' and suppliers' participation throughout the process of attaining sustainable competitive advantages (cost leadership strategy) improves sustainable competitive advantages of the industry. Bobillo et al., (2010) studied 1500 manufacturing firms in Germany, France, the UK, Spain, and Denmark and maintained that organizational factors (e.g. capital markets, financial liaison,

and skilled work force) – differentiation strategies approaches- have positive effect on attaining sustainable competitive advantages.

Njuguna (2012) focused on sustainable competitive strategies adopted by Safaricom Kenya. The study findings indicated that Safaricom Limited was using product choice, differentiation, cost leadership strategy, focus strategy, pricing strategy and market penetration strategy. Application of these strategies resulted into policy formulations and procedures which further enhance the strategy, the business plans which are formulated on continuous innovation of new customer friendly product and low cost strategy. This study used a case study research design. The study findings failed to cover innovation orientation in Safaricom Kenya.

Mathenge (2013) studied innovation on sustainable competitive advantage of telecommunication companies in Kenya. It established that telecommunications companies indicated growth through financial innovations that gave them a sustainable competitive advantage in the ICT. Financial innovation affects positively the performance of telecommunications companies. The study adopted a survey correlational research design. However, the study was limited to financial innovation of telecommunication companies.

Bakar et al., (2014) conducted a study on entrepreneurship development and poverty alleviation in Malaysia. The sole aim of the paper was to corroborate the relationship between entrepreneurship development and poverty alleviation built on empirical reviews. In this study, a general search was carried

out to accumulate empirical literatures by the name of entrepreneurship development and poverty alleviation in different online database sources such as Google Scholars, Springer Link, Wiley, Science Direct, JSTOR, Emerald full text, Scopus, and EBSCO HOST etc. The empirical findings revealed that innovation, entrepreneurship training & education, family background, government support program, social entrepreneurship, women participation, individual entrepreneurial characteristics, participation of micro, small & medium enterprises, youth empowerment, collaboration of government-university-industry are the main tool for entrepreneurship development which is stimulating employment towards alleviating poverty.

Ogbo et al., (2017) focused on the strategies for achieving sustainable economy in Nigeria taking into consideration the acceptable stakeholders. This work looks at the explosion of the Nigerian population from the year 2005 till date, the modern state of the Nigerian economy and the failed strategies adopted in the past, with a critical look at the acceptable stakeholders, sustainable economy, and the strategic priorities to be considered in the Nigerian context. Theories of modernization (showing the five take off stages), sustainable development, and human development (with the five key capitals) were used to analyze the problem of achieving a sustainable economy in Nigeria. The triple-bottom-line strategy was seen to be a possible solution to the impending problem of unstable economy in Nigeria, intending to social responsibility, environmental protection, and economic priority.

Oladele, Akeke and Oladunjoye (2011) carried out research on entrepreneurship development: a panacea for unemployment

reduction in Nigeria. The study examines the need for promoting employment in Nigeria through the development of entrepreneurship. The study relies on secondary data from the Central Bank of Nigeria's Statistical Bulletin and CIA Fact Sheet and other institutional publications to provide empirical basis for the study. A multiple regression statistical tool was used for the analysis. The result did not support the theoretical formulation in the study. The study however, concludes that the government and its agencies should deliberately encourage entrepreneurial culture and skills development in Nigeria in order to attack the level of unemployment in the country.

Tempelmayr et al., (2019) conducted a study on the performance effect of dynamic capabilities in servitizing companies. Building on existing case research of dynamic capabilities in a servitization context, the study analyzes the impact of dynamic capabilities and especially of sensing, seizing and reconfiguration capabilities on firm performance in a servitization context. The study also analyzes the moderating role of environmental turbulence. The results, which are based on 206 manufacturing companies, show that dynamic capabilities are an essential factor for the performance of a firm in the context of servitization. The study contributes to the literature on servitization and dynamic capabilities by creating evidence that dynamic capabilities have an impact on firm performance in a servitization context.

3.0 Methodology

This study adopted survey research design. The survey design was used to obtain information from the target population concerning the current status of the phenomena through

primary data collection. Survey research is useful in the description of “what exists” in relation to variables or conditions under investigation. The variables here are dynamic capabilities as independent variables and entrepreneurship growth as dependent variable with related sub variables. The study population consists of owners/managers of selected SMEs in Ibadan Southwest Local Government Area that is registered with SMEDAN in Oyo State. The reason for choosing the owners/managers of SMEs is because they are major decision makers in SMEs operational activities. The total number of the entire SMEs in Oyo State is 6137 according to Micro, Small and Medium Enterprises (MSME) National Survey Report (National Bureau of Statistics, 2017). The total number of selected registered SMEs owners/managers for this study is one hundred and sixty three (163) according to Human Capital Unit in Ibadan Southwest Local Government Area of Oyo State.

The random sampling technique was adopted in which the respondents in the population of study have an equal chance of being selected. From the one hundred and sixty three (163) owner/managers in the study area, a total of one hundred and sixteen (116) owner/managers are selected using Taro Yamane’s (1967) formula for sample size determination. This study was conducted in Ibadan Southwest Local Government Area, Oyo State. The researchers’ choice is due to the availability of the target SMEs willingness to provide information regarding the research variables. Subsequently, the researchers’ choice of Ibadan Southwest Local Government Area is because the city was the capital of the Old Western Region and the largest city in Sub Sahara Africa with largely SMEs dominated activities

The data used for this study is cross-sectional in nature. The use of well-structured questionnaire is adopted to gather data on the effect of dynamic capabilities on entrepreneurship growth of selected small and medium enterprises (SMEs) in Ibadan Southwest Local Government Area, Oyo State. The researchers proceed to the field to collect data for this study. This involves going to the selected SMEs to personally administer the questionnaire. This is done with the help of research assistants that were successfully trained on the process to follow in the course of the data gathering. Once the copies of questionnaire are returned, employees are presumed to have given permission to take part in the study. However, the identities of such employees participating in the study are treated as confidential.

The research instrument used for this study is an adapted-designed questionnaire from literature. The questionnaire have ten (10) items which focus on the effect of dynamic capabilities on entrepreneurship growth of selected small and medium enterprises (SMEs) in Ibadan Southwest Local Government Area based on the specific objectives of the study. In order to determine the face and content validity of the instrument a draft copy of the questionnaire was given to experts for scrutiny. The experts examined the instrument and made necessary corrections. The final draft was produced based on the experts' constructive criticisms. The model specification used for this study is a mathematical and diagrammatic model which explains the relationship between the dependent variable (Entrepreneurship Growth) and the independent variable (Dynamic Capability). The mathematical equation below therefore shows the relationship between the dependent variable and the independent variables in a linear form thus:

If, $Y = f(X)$

..... i

If Y represents Dynamic Capability (D_C), and
X represents Entrepreneurship Growth (E_G),

Thus, $D_C = a + b (E_G) + E_t$

..... ii

$$D_C = a + b (E_G) + E_t$$

$$D_C = a + b E_G + E_t$$

..... iii

Where, D_C = Dynamic Capability

E_G = Entrepreneurship Growth

a = Intercept of dependent variable
(Entrepreneurship Growth)

b = Coefficient of independent variable (Dynamic
Capability)

E_t = Error term.

The reliability of instrument is established using the test-retest method, in which the instrument is administered to twenty (20) respondents within a two week interval that did not form part of the study sample. Then, a co-efficient of relationship between the two responses obtained at different times is computed. Cronbach's Alpha co-efficient is used through SPSS and results are shown in Table 3.1:

Table 3.1: Summary of Cronbach's Alpha Test Results

S/No	Variables	No of Items	Reliability
1.	Sensing Capabilities	3	0.824
2.	Seizing Capabilities	3	0.752
3.	Entrepreneurship Growth	4	0.802
	All Variables	10	0.867

Source: *Authors' Computation, 2021*

4.0 Data Analyses, Discussion and Implication for Management

Table 4.1: Demographic Information

Variables	Moderating variables	Frequency	Percentage (%)
Sex	Male	41	36.6
	Female	71	63.4
Age	18- 25 years	21	18.8
	26-30 years	48	42.9
	31-35 years	39	34.8
	36-40 years	3	2.7
	41 years and above	1	0.8
Marital Status	Single	32	28.6
	Married	78	69.6
	Divorce	2	1.8
Occupation	Trading	32	28.6
	Farming	29	25.9
	Business Centres	21	18.7
	Others	30	26.8
Educational Background	No Formal	4	3.6
	Primary	11	9.8
	Secondary	20	17.9
	Tertiary	77	68.7

Source: *Field Survey, 2021*

The table 4.1 shows that 41 respondents representing 36.6% are male while 71 respondents representing 63.4% are female. This implies that majority of the respondents are female. Also, it reveals that 21(18.8%) of the respondents are 18-25 years,

48(42.9%) are between 26-30 years, 39(34.8%) are between 31-35 years, 3(2.7%) are between 36-40 years, while 1(0.8%) are above 41 years of age. This implies that majority of the respondents are between 26-30 years. Furthermore, it indicates that 32(28.6%) of the respondents are single, 78(69.6%) are married while 2(1.8%) are divorced. This implies that majority of the respondents marital status is married. Additionally, it observes that 32(28.6%) are traders, 29(25.9%) are farmers, 21(18.7%) work as business center operators while 30(26.8%) are others. This implies that majority of the respondents occupation are traders. Lastly, it explains that 4(3.6%) of the respondents have no formal education, 11(9.8%) have primary education, 20(17.9%) have secondary education while 77(68.7%) have tertiary education. This implies that majority of the respondents have tertiary education in their educational qualification.

Table 4.2: Items on sensing capabilities

S/No	ITEMS	\bar{X}	S.D	DECISION
1.	Entrepreneurs are allowed to notice market opportunities	3.70	0.57	Very High Extent
2.	Entrepreneurs are allowed to identify, develop and assess opportunities associated with customer needs and problems	3.64	0.65	Very High Extent
3.	Entrepreneurs are allowed to influenced search and learning	3.49	0.65	High Extent
	Average Mean	3.55		Very High Extent

Source: *Field Survey, 2021*

Table 4.3: Items on seizing capabilities

S/No	ITEMS	\bar{X}	S.D	DECISION
1.	Opportunities are seized once they are identified	3.53	0.63	Very High Extent
2.	Entrepreneurs mobilize resources to develop opportunities	3.44	0.69	High Extent
3.	Entrepreneurs evaluate their emerging and existing capabilities	3.42	0.76	High Extent
	Average Mean	3.38		High Extent

Source: *Field Survey, 2021*

Table 4.4: Items on entrepreneurship growth

S/No	ITEMS	\bar{X}	S.D	DECISION
1.	Entrepreneurship growth enhanced standard of living	3.39	0.80	High Extent
2.	Entrepreneurship growth create job opportunities for our customers	3.27	0.88	High Extent
3.	High rate of entrepreneurship growth among the SMEs	3.20	0.87	High Extent
4.	Low rate of entrepreneurship growth among the SMEs	3.28	0.73	High Extent
	Average Mean	3.25		High Extent

Source: *Field Survey, 2021*

4.1 Hypotheses Testing

There is no significant relationship between sensing capabilities and entrepreneurship growth.

Table 4.5: Summary of Regression Results for the Relationship between Sensing Capabilities and Entrepreneurship Growth

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.850 ^a	.723	.6717	.5990		
a. Predictors: (Constant), Sensing Capabilities						
ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	31.053	1	31.053	28.098	.000 ^b
	Residual	55.154	110	0.506		
	Total	86.207	111			
a. Predictors: (Constant), Sensing Capabilities						
b. Dependent Variable: Entrepreneurship Growth						
b. Dependent Variable: Entrepreneurship Growth						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	37.550	1.536		24.441	.000
	Sensing Capabilities	11.437	0.865	0.009	13.221	.000

Source: Field Survey, 2021

From the table 4.5, there is a significant relationship between sensing capabilities and entrepreneurship growth. The result shows that there is a moderate level of interdependence between sensing capabilities and entrepreneurship growth ($\beta = .850$, $T = 13.221$, $P < 0.05$). The table also shows that the coefficient of determination (R^2) is .723 which is greater than 5% level of significance ($P > 0.05$) with an F-statistic of 28.098 and p-value of 0.000. It indicates a relatively strong degree of correlation. The R Square value indicates how much of the dependent variable, “entrepreneurship growth”, can be explained by the independent variable, “sensing capabilities”. It means that sensing capabilities has 72.3% variation on entrepreneurship growth of selected SMEs in Ibadan Southwest Local Government Area, Oyo State.

There is no significant relationship between seizing capabilities and entrepreneurship growth.

Table 4.6: Summary of Regression Results for the Relationship between Seizing Capabilities and Entrepreneurship Growth

Model Summary						
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	
1	.806 ^a	.650	.641		.4657	
a. Predictors: (Constant), Seizing Capabilities						
ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.967	1	11.967	21.296	.000 ^b
	Residual	61.149	110	0.561		
	Total	73.116	111			
a. Predictors: (Constant), Seizing Capabilities						
b. Dependent Variable: Entrepreneurship Growth						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.479	.196		2.446	.000
	Seizing Capabilities	.804	.142	.806	15.678	.000
b. Dependent Variable: Entrepreneurship Growth						

Source: Field Survey, 2021

From the table 4.6, there is a significant relationship between seizing capabilities and entrepreneurship growth. The result shows that there is a moderate level of interdependence between seizing capabilities and entrepreneurship growth ($\beta = .806$, $T = 15.678$, $P < 0.05$). The table also shows that the

coefficient of determination (R^2) is .650 which is greater than 5% level of significance ($P > 0.05$) with an F-statistic of 21.296 and p-value of 0.000. It indicates a relatively strong degree of correlation. The R Square value indicates how much of the dependent variable, “entrepreneurship growth”, can be explained by the independent variable, “seizing capabilities”. It means that seizing capabilities has 65.0% variation on entrepreneurship growth of selected SMEs in Ibadan Southwest Local Government Area, Oyo State.

4.2 Discussion of Findings

Having analyzed the data gathered and tested the hypotheses formulated; finding indicates that there is significant relationship between sensing capabilities and entrepreneurship growth as reported by hypothesis I; it also shows that there is significant relationship between seizing capabilities and entrepreneurship growth as reported by hypothesis II. From the analysis result on the relationship between dynamic capability and entrepreneurship growth, at overall level, ANOVA results on the relationship between sensing capabilities and seizing capabilities on entrepreneurship growth of selected SMEs in Ibadan Southwest Local Government Area, Oyo State was statistically significant as the p-value is less than the set value of .05. The findings are in line with the results of Helfat and Raubitschek (2018); and Teece (2017) who confirm that the enterprise might have to transform and re-assign existing capabilities and potentially develop new ones. Dynamic capabilities are important for service-oriented firms, as they allow firms to identify market opportunities and client needs, take action on those opportunities by organizing available resources, and gain a competitive advantage in the process.

In addition, the findings concur with Kindström, Kowalkowski and Sandberg (2013) who develop measures for sensing, seizing and at times, transforming in servitizing companies and focus especially on the dynamic capabilities needed for servitizing manufacturers that enable them to build their service business. Kindström et al., (2013) in their study states that transforming is a challenge because, over time, firms become complacent and rigid in their routines. Slight adjustments to business models are often insufficient to sustain the competitive advantage associated with an opportunity (or set of opportunities). Entrepreneurs sometimes need to make more substantial transformations in response to environmental disruptions. Wilden et al., (2013) in their study found that during transformation, entrepreneurs engage in activities such as implementing new kinds of management techniques, enacting a new or updated marketing plan, implementing new business processes or engaging in different ways of achieving objectives and targets.

The finding on the first hypothesis shows that there is a significant relationship between sensing capabilities and entrepreneurship growth. The analysis shows that there is a moderate level of interdependence between sensing capabilities and entrepreneurship growth ($\beta = .850$, $T = 13.221$, $P < 0.05$) with a R^2 value of 0.723. This implies that small and medium enterprises (SMEs) without entrepreneurship growth face challenges in creating job opportunity and ends up inconsistently creating them. The finding on the second hypotheses shows that there is a significant relationship between seizing capabilities and entrepreneurship growth. The analysis shows that there is a moderate level of

interdependence between seizing capabilities and entrepreneurship growth ($\beta = .806$, $T = 15.678$, $P < 0.05$) with a R^2 value of 0.650. It means that seizing capabilities has 65.0% variation on entrepreneurship growth of selected SMEs in Ibadan Southwest Local Government Area, Oyo State.

4.3 Conclusion and Policy Recommendation

On the basis of the findings of this study, it can be concluded that SMEs use dynamic capabilities perspective to orchestrate and manage clusters of activity that guide decisions about internationalization, such as (sensing), that prepares, plans, engenders the SMEs readiness for change (seizing), and changes SMEs so that they capture opportunities and create value (transforming). The study also concludes that entrepreneurship growth success arises in knowing which capabilities are important to SMEs in terms of daily survival and which are necessary for a sustainable competitive advantage which is critical to the on-going viability of the firm growth. Furthermore, due to the position of SMEs within the competitive market, they are forced to make careful use of their resources and maximize them creatively, to the extent that they become innovative and inspire larger corporations. Entrepreneurship is a major contributing factor to the growth of Nigeria's economy. Although, the rate of unemployment is still so high in Nigeria, it needs to be resolved in a timely manner through the encouragement of entrepreneurship development that will provide the unemployed with the necessary skills to be self-employed and also be employers of labour.

The following recommendations are therefore made:

- i. SMEs must pay attention to dynamic capabilities that are superior to basic abilities and monitor the changing environment.
- ii. Financial institutions should encourage financial inclusion, that is, entrepreneurs should be given easy access to loans. This can go a long way to help investors bring their ideas into reality as we know that capital is a major determining factor in any business plan. There should be reduction in the rate of interest because high interest rates deter aspiring entrepreneurs.

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APPENDIX

QUESTIONNAIRE

SECTION A: Demographics

- | | | |
|-------|--|--------------------|
| 1. | Sex: Male () | Female () |
| <hr/> | | |
| 2. | Age: 18-25years () | 26-30 years () |
| | 31-35years () | 36-40years () |
| | 41 years and above () | |
| <hr/> | | |
| 3. | Marital Status: Single () | Married () |
| | Divorced () | |
| <hr/> | | |
| 4. | Occupation: Trading () | Farming () |
| | Business Centres () | Others () |
| <hr/> | | |
| 5. | Educational Background: No Formal (), | |
| | Primary(), | Secondary(), |
| | Tertiary () | |

SECTION B

Kindly choose the option by ticking the appropriate box that best describes your opinion on each of the statement below. The following response is divided into:

- Strongly Agree (SA)** - 1
- Agree (A)** - 2
- Undecided (U)** - 3
- Disagree (D)** - 4
- Strongly Disagree (SD)** - 5

Code	Statements	SA	A	UN	D	SD
		1	2	3	4	5
SENSING CAPABILITIES						
SSC1	Entrepreneurs are allow to notice market opportunities					
SSC2	Entrepreneurs are allow to identify, develop and assess opportunities associated with customer needs and problems					
SSC3	Entrepreneurs are allow to influenced search and learning					
SEIZING CAPABILITIES						
SZC1	Opportunities are seize once they are identified					
SZC2	Entrepreneurs mobilize resources to develop opportunities					
SZC3	Entrepreneurs evaluate their emerging and existing capabilities					
ENTREPRENEURSHIP GROWTH						
EG1	Entrepreneurship growth enhanced standard of living					
EG2	Entrepreneurship growth create job opportunity for our customers					
EG3	High rate of entrepreneurship growth among the SMEs					
EG4	Low rate of entrepreneurship growth among the SMEs					