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**Effect of market and entrepreneurial orientation on performance of public enterprises in Bauchi state, Nigeria**

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**Abstract**

*This study examined the effect of market and entrepreneurial orientation on performance of public enterprises in Bauchi State, Nigeria. The study adopted a survey research design, the structured questionnaire was used as instrument for data collection. The questionnaire was administered to 103 management staff of public enterprises in Bauchi state. The data collected was statistically treated and analyzed using multiple regression. The findings of the study revealed that market orientation and entrepreneurial orientation had significant effect on performance of public enterprises in Bauchi State, Nigeria. By implication, poor or non-performance of the public enterprise in Bauchi state which as a result many public enterprises in the state ceased operation can be ameliorated and boosted the performance of public enterprises in the State through market and entrepreneurial orientation. This study therefore, recommend that Bauchi state government should liaise with professions in the field of strategic management to organize a seminars and workshop on regular basis to the management staff of public enterprises in the state on market and entrepreneurial orientation. Specifically, understanding and meeting customers' needs and desires, proactiveness and innovativeness, using new technology and innovation to produce, improve or develop a product and services as these will help in improving the performance of public enterprises in the state.*

**Keywords:** Market orientation, entrepreneurial orientation, performance, public enterprises**1. Introduction**

Public enterprises are organizations that are own and manage by the state government. The significant role of public enterprise was fashioned in most countries of the world to accelerate economic and social development (McIntyer & Jones 2015; World Bank, 2015). Nigeria was no exception in terms of the belief that public enterprises have a role to play in the country's development efforts because these enterprises propel socio-economic development and to guard against the control of the economy from foreign domination and exploitation (Laleye, 2016). Also, the public enterprises have not only enabled the country to acquire the commanding heights of the economy but have also been the prime mover of the

country's technological progress, which has been studied and analyzed well in the Economics literature (Dewett, 2016). The public enterprises have been assigned the important role of achieving our national objective of economic growth with social justice, generating larger social gains and strengthening country's economy by removing regional disparities and promoting balanced development in different parts of the country (Okpata, 2016). They play a crucial role in effecting a rapid socio-economic transformation of the economy (Mishra, 2019). In the context of Nigeria, public enterprises fulfill various social obligations such as generation of employment for mass, provision of basic infrastructure and public utilities, protecting the consumers from being

exploited, promoting backward regions of the country and achieving balanced regional development (Sundarapandian & Vidya 2014).

Bauchi state like other states in the country has established so many public enterprises in the state among which are Bauchi meat factory, Bauchi furniture, Bauchi investment house (BIC) Yankari Transport Company, Bauchi State Agricultural Supply Company, Destination Hotel and Alind Nigeria Limited. They are meant to provide employment opportunities, providing goods and services to the public, to protect the needs of the consumers for provision and management of good and services and they are set up to meet the social and economic growth of the state (Jamilu, 2020). Jamilu also emphasized that the primary aims of public enterprises in Bauchi state are to create wealth, reduce poverty, generate employment and stimulate real economic growth. This is in line with argument of Mishra (2019) that public enterprises play a vital role in terms achieving economic growth and employment creation. Unfortunately, the non-performance of the public enterprise in Bauchi state is a subject of discussion to all, because the performance of most of the public enterprise in the state is below expectations. As a result, many public enterprises in the state ceased operation (Bauchi State Ministry of Commerce and Industry, 2021; SMEDAN, 2020). Hence, contribution of public enterprises to social and economic growth of Bauchi state is not impressive. Existing studies (Fatoki, 2014; Idar & Mahmood, 2014; Zainol et al., 2014) argued that market and entrepreneurial orientation are factors that improves firm performance and reduces its high rate of failure but no existing study found to have focused on effect of market and entrepreneurial orientation on performance of public enterprises in Bauchi State. This warrants the current study to examine the effect of market and entrepreneurial

orientation on performance of public enterprises in Bauchi State, Nigeria.

## **2. Literature Review**

### **Firm Performance**

Using the word ‘performance’ in all aspects of management is not new. For instance, performance management, firm performance, performance measurement, performance assessment, or performance evaluation are used. Despite the frequency of the use of the word, its specific meaning is still relative. In several small business literatures, firms’ performance has been studied by a number of researchers. Most of these researches have focused on investigating firms’ performance determinants, in which several variables have been identified. firms’ performance can be viewed as how the firm delivers value to its stakeholders and customers. It indicates how well the management manages the firm’s resources (Moullin, 2017). According to Neely et al. (2015), firm performance is a concept that is often discussed in various studies, but rarely has a single definition. Firm performance is the process of quantifying actions of a business firm that leads it to achieve its goals and objectives. From a business perspective, firms achieve their objectives if they perform in satisfying their stakeholders and customers’ needs more than their competitors. For business firm to achieve this superior performance, the goals and objectives of the firm must be achieved in an efficient and effective way compared to its competitors. A firm with high efficiency and effectiveness in terms of the value delivered to both stakeholders and customers, could perform better than its competitors (Neely et al., 2015). Effectiveness simply means the extent to which customer and stakeholder needs are met by the firm, whereas efficiency measures how financial resources of the firm are utilized when meeting its customer and stakeholder needs (Neely, Adams, & Crowe, 2015).

Two fundamental dimensions of performance are not only known by these points but also give an insight to the fact that some internal and external factors can contribute to defining firm performance.

### **Market Orientation (MO)**

There are different perspectives to MO, although all the perspectives put the customer at centre stage. The perspectives also recognize the importance of information, functional coordination, responding to customer and protecting stakeholders' interest (Lafferty & Hult, 2015). These MO perspectives include the decision-making perspective. (Shapiro,2016). Argues that MO is a decision-making process in a firm with high management commitment to involve all other departments in the firm. It can be viewed from a market intelligence behavior perspective. (Kohli & Jaworski,2016). State that MO is a firm activity that focuses on the generation and dissemination of market intelligence and how the departments respond to market intelligence. Additionally, MO is also seen as the culture of the firm that is most viable and proficient in creating the fundamental behavior for the creation of superior value to customers for continuous higher business performance (Narver & Slater,2016).

Ruekert (2017). Stresses that MO is an activity for obtaining information from customers, using the information to develop customer-centered strategies to respond to the customers' needs. Others view MO from a customer-orientation perspective. (Deshpande, Farley & Webster,2014). State that it refers to the identification of customer needs that go together with the development of products and services. However, there are some essential differences among these perspectives and numerous similarities that reflect what MO is. Based on these perspectives, (Lafferty & Hult, 2015). Synthesized and integrated this perspective into cultural and managerial focus in line with these perspectives,

several definitions and conceptualizations of MO have been highlighted. For example, MO has been defined as the culture of the firm that creates essential behaviors to deliver value to customers in an efficient and effective manner, so that the firm can realize superior performance. In other words, it is a business culture that produces better performance by the commitment of the business firms in creating superior value for its customers (Slater & Narver, 2016). According to (Kohli, Jaworski & Kumar,2016). MO is organizational response to specific external environmental factors related to its consumers and competitors. Therefore, to respond to environmental changes, business firms need to adopt MO in their firms (Suliyanto & Rahab, 2017). Similarly, MO is seen as a valuable resource that is extremely rare, which cannot be easily copied by competitors, due to the continuous search and learning about customers' needs and strategy of competitors (Didonet, Simmons, Díaz-Villavicencio, & Palmer, 2017). Therefore, knowledge about the market demand and its responses to these market demands in relation to business performance are explained by a firm's MO (Haugland et al., 2017).

Building on the market intelligence perspective, the basic concept of MO includes the generating, disseminating and sharing of information (Jaworski & Kohli, 2016). Similarly, MO is viewed as systematic information generation on existing and potential customers and competitors, analyzing the information to understand the market and using the analyzed information to develop strategies (Lafferty & Hult, 2015). It also includes an appropriate response to changes in market needs in order to satisfy stakeholders and customers' needs and other organizational goals (Wang et al., 2016). The success of a business firm depends on its long-term commitment to maintaining its relationship with customers and stakeholders through quality services and innovation.

Consequently, MO is considered as an important firm resource achieve these long-term commitments (Kara et al., 2015).

### **Entrepreneurial Orientation (EO)**

Research in the past has recognized the relevance of EO to the performance of the firm (Zahra & Covin, 2014). The most widely used meaning of EO is focused around the work of Miller (2014), advanced further by (Covin & Slevin, 2016). and numerous others, and later enhanced by (Lumpkin & Dess, 2014). This definition has been used within many studies centering on entrepreneurship, strategic management and market (George & Marino, 2015). EO is defined as firms' activity that is represented by the behavior of taking risk, being innovative and proactive (Covin & Slevin, 2016). Therefore, EO is referred to as the combination of a firm's innovativeness, proactiveness, and risk taking. Collectively, these measurements of EO signify the behavior of the firm with respect to competition, technology and business activities (Miller, 2014). In other words, EO indicates whether business firms take decisions that are risky, proactive and innovative in achieving its objectives (Covin & Slevin, 2016).

Notably, EO focuses on the ability of the firm to improve, study entrepreneurial risks and take more proactive and aggressive decisions to open doors to new markets than competitors. Hence, it has a paramount importance for both the survival of business firms and their performance (Polat & Mutlu, 2014). In addition, risk taking, innovativeness and proactiveness have been argued in several EO literature as the very important factors for firms' performance (Al-Swidi & Mahmood, 2015). Similarly, EO can be seen as a particular way by which firms relate to opportunities and activities that lead to new business opportunities (Lumpkin & Dess, 2014).

Additionally, EO is one of the important resources that influences firm performance (Lumpkin & Dess, 2014). EO involves the process, actions and intentions of the entrepreneurs or managers in creating opportunities and promoting their businesses. These processes, actions and intentions include risk taking behavior, ability to act autonomously and proactively, in innovative and aggressive ways towards competitors (Lumpkin & Dess, 2014). Thus, these processes and activities of EO are useful in characterizing and distinguishing essential entrepreneurial processes. As a result, EO refers to the firm's ability to take risky exercises, be more proactive in taking actions and decisions, innovate and exploit new opportunities and compete more aggressively. As such, EO can simply be defined as the strategic orientations that business firms exhibit when exploring new market opportunities (Lumpkin & Dess, 2014). On with this argument, Lechner and Gudmundsson, (2016) define EO as the process, behavior and structure of business firms. According to Wiklund and Shepherd (2015) EO is a firm's strategic ability to capture specific aspects of decision-making, methods and business practices. Firms with sound EO can have the ability to discover and use new market opportunities. Several researchers have agreed that there are two perspectives of EO. Miller (2014) view EO as a one-dimensional composite construct, which is represented by the firm's abilities to take risks, be innovative and proactive. Similarly, (Chadwick, Barnett & Dwyer, 2015). Argue that firms that simultaneously exhibit pretty high levels of risk-taking and innovative and proactive behaviors have entrepreneurial strategic postures. (Miller, 2014). Argues that these three components comprise a basic one-dimensional EO of the firm.

**Research Framework**

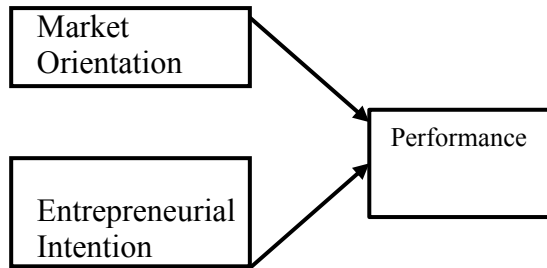


Figure 1: Research Framework

A framework of this study that indicates the relationship between market orientation, entrepreneurial orientation and performance of public enterprises is developed based on the Resource Based View (RBV) Theory (see Figure 1). The theory was propounded by Wernerfelt (1984). The RBV postulates that the basis for competitive advantage of a firm depends on the firm’s ability to utilize the available bundle of valuable intangible and tangible resources. To be specific, the RBV emerged as the theory that explains firm performance, which is driven by resources that are heterogeneous rather than market power. Therefore, market orientation and entrepreneurial orientation, are intangible and valuable resources that will give a firm competitive advantage over its competitors. The following hypotheses are formulated guide the study:

- H1: *Market orientation has significant effect on performance of public enterprises in Bauchi State, Nigeria.*
- H2: *Entrepreneurial orientation has significant effect on performance of public enterprises in Bauchi State, Nigeria.*

**3. Methodology**

This study adopted a survey research design. A survey method is adopted when a study is trying to assess thoughts, feelings, and opinions about a given situation by collecting primary data from the respondents (Hair, Page & Brunsvad, 2020). The survey method allows the

researcher to gather quantitative data and analyze it using descriptive and inferential statistics. Then, possible reasons for particular relationships between variables can be suggested and models of these relationships can be produced (Saunders, Lewis, & Thornhill, 2017). The present study is interested in studying the opinions of management staff of public enterprises in Bauchi state with regards to the strategic orientation and performance of public enterprises in the state. Hence, the survey design was appropriate in achieving the objectives of this study. The population of the study comprised 103 management staff of public enterprises in Bauchi state. The management staff of public enterprises were considered in the study because the study interested in establishing the relationship between the variables under investigation from the viewpoints of management staff of public enterprises in Bauchi state. Another justification for considering the management staff of public enterprises under investigation because they involve in management and decision making of these organizations. Hence, management staff were appropriate in proving the information needed for achieving the objective of this study. A total population sampling was used in the study because the size of the population of management staff of public enterprises in Bauchi state is not large and is manageable. Sekaran and Bougie (2016) argued that a population of less than 200 is manageable, and a researcher can observe every element of the population. The study adapted measurements from the existing studies related to this study, this will be done because Sekaran and Bougie (2016) recommended that a researcher can adopt or adapt measurement from the existing studies relevant to the current research. The study has three (3) constructs; performance has 6 items adapted from Aziz et al. (2020), market orientation with 10 items adapted from Chang and Rieple



(2013) and entrepreneurial orientation has 10 items adapted from Olowofeso & Edamisan (2021). In this study, Likert scale was adopted for all the items, the respondents were asked to indicate their responses to each question on a five-point scale. To ensure the reliability of instrument of the present study, the pilot test was conducted with 30 management staff of public enterprises in Gombe state, this Because Gombe is outside the study area but the respondents have similar characteristics with the target respondents of this study. The 30-management staff are enough for pilot test based on recommendation of Sekaran and Bougie (2016) that a pilot test can conducted with 25-75. The data generated from the pilot survey was subjected to statistics analysis using Cronbach Alpha. The Cronbach

#### 4. Results and Discussions

**Table 1: Regression analysis on the effect of market and entrepreneurial orientation on performance of public enterprises in Bauchi State, Nigeria.**

Variable	Standardized Coefficients Beta	t-value	p-value	Decision
Market Orientation	0.193	5.558	0.000	Supported
Entrepreneurial Orientation	0.343	3.739	0.000	Supported

After checking and satisfying the necessary assumptions of regression analysis, Hair et al. (2017) recommendation was followed in interpreting the result of this study. Hair et al. recommended that when interpreting the result of multiple regression, a researcher should first consider the F value, then the R-square value or adjusted R square, and follow by the individual contribution. Following their recommendation, in this study, the statistical evidence has proved that the model was statistically significant based on the F ratio 52.112,  $p = .000$ . The result also revealed the  $R^2$  value of of .46, indicating that the model fit is large (Murphy, Myers & Wolach, 2014).

Concerning the individual contribution of independent variables, the variable market

alpha coefficients of the three variables are; performance (0.74), market orientation (0.94) and entrepreneurial orientation (0.93). The results suggested that the instrument is reliable based on the recommendation given by Hair et al. (2017). According to Hair et al. Cronbach alpha coefficient of at least .70 is considered satisfactory and acceptable.

Finally, data analysis, SPSS 25 was used throughout the process. The effect of market and entrepreneurial orientation on performance of public enterprises was determined using multiple regression. A multiple regression is a statistical technique for testing the influence of a number of independent variables on one continuous dependent variable (Tabachnick & Fidell, 2013).

orientation had positive and significant effect on performance of public enterprises in Bauchi State, Nigeria ( $\beta=0.193$ ;  $t=7.124$ ;  $p=0.000$ ). This indicated a significant contribution of the variable in the model. Hypothesis 1 is therefore supported. Similarly, the variable entrepreneurial orientation significantly predicted the performance of public enterprises in Bauchi State, Nigeria based on t-statistics and p-values ( $\beta=0.308$ ;  $t=7.544$ ;  $p=0.000$ ). This indicated that entrepreneurial orientation had positive and significant effect on performance of public enterprises in Bauchi State, Nigeria. Hypothesis 2 is therefore supported.

#### Discussion of Findings

The findings of this study revealed that market orientation significantly affected the performance of public enterprises in Bauchi

State, Nigeria. The finding is consistent with the study of Mukhtar et al (2014) examine the relationship between market orientation and organizational culture on small and medium enterprise performance in Nigeria. The study found a significant and positive relationship between the market orientation and performance of SMEs. Similar finding was reported in the study of Agu and Okoroagu (2019) who examine the effect strategic orientation on performance of selected manufacturing firm in Enugu State, Nigeria. The study found that market orientation significant effect on performance manufacturing firm. Furthermore, this study also found that the performance of public enterprises in Bauchi State is significantly affected by entrepreneurial orientation. The findings agreed with the study of Aekram et al. (2018) in the context of Indonesia. Their study found that entrepreneurial orientation significantly improved firm's performance. In a similar study, Olowofeso and Edamisan (2021) analyzed the entrepreneurial orientation on organization performance of Real estate firms in Akure, Ondo state, Nigeria and they found that entrepreneurial orientation significantly leads to improvement of performance of real estate firms in Akure, Ondo state.

### **5. Conclusion and Recommendations**

The present study empirically investigated the effect of market and entrepreneurial orientation on performance of public enterprises in Bauchi State, Nigeria. The study established that all market and entrepreneurial orientation have significantly affected the performance of public enterprises in Bauchi State, Nigeria. Therefore, poor or non-performance of the public enterprise in Bauchi state which as a result many public enterprises in the state ceased operation can be ameliorated and boosted the performance of public enterprises in the State through market and entrepreneurial orientation because they help to ensures that efforts are focused on

activities that contributes most to the desire out comes. So, public enterprises can optimize their performance by avoiding scattered efforts and resource wastage. Based on the findings of the study, the following recommendations are made:

1. Bauchi state government through Ministry of Commerce and Industry from time to time should organized workshop and seminars to the management staff of public enterprises in Bauchi state on how to focus on understanding and meeting customers' needs and desires. That is, market orientation.
2. Workshop and seminars should be organized to the management staff of public enterprises in Bauchi state Bauchi state government through Ministry of Commerce and Industry on how to become proactive, and innovative in their operation. That is, entrepreneurial orientation.

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