Strategic Entrepreneurial Resource Management and Competitive Advantage of SMEs in Nigeria

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Abstract

The emergence of strategic entrepreneurship as a veritable tool to combat unemployment, alleviate poverty and enhance economic development is a welcome strategy in the business world especially in Nigeria where unemployment rate is so high. However, some owners/managers of Small and Medium Scale Enterprises (SMEs) have poor resource management culture that has placed them in disadvantage positions. This study examined the implication of strategic entrepreneurial resource management on competitive advantage of Small and Medium Scale Enterprises in Nigeria. The study took a theoretical approach by the employment of desk research as the process of gathering information relating to the study variables such as; strategic entrepreneurial resource management, competitive advantage and SMEs from secondary sources in printed and published journals. There was an indebt review on conceptual, theoretical and empirical framework of all study variables from the secondary sources dealt with. The paper concluded that effective and efficient strategic management of resources is the process of getting maximum benefit at the least resources in an organization and this enhances competitive advantage. It was therefore recommended among others that Small and Medium Enterprises (SMEs) in Nigeria should continue imbibing in effective and efficient strategic resource management. This will assist to enhance maximum output at least cost, transforming to organizational competitive advantage.

Keywords: Strategic entrepreneurship, Resource management, Competitive advantage, SMEs, Effectiveness and efficiency

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Background to the Study
The entrepreneurs are the authentic backbones on which the world and modern ideas continue to develop. As stated by Anam and Antai (2016), the developed nations across the world owe their current prosperity to the collective effort of valiant entrepreneurs on whose innovation also rests the future prosperity of the developing world. Entrepreneurship is the practice of starting a business in order to earn profit on new found opportunities of which its dynamism goes a long way to stabilize the economy of a nation as well as generate returns to the government (Redford, 2016). It plays a vital role in the development of a country's economy as this is the key contributor to innovativeness, product improvement and reduction of unemployment.

Strategic Entrepreneurship is still a developing research field but progress has been made in defining a research agenda for strategic entrepreneurship that is one that seeks to merge the opportunity seeking perspective of the entrepreneurship literature with the advantage seeking perspective of strategic management (Nhuta & Kapofu, 2015). Strategic entrepreneurship is taken up with how firms' strategic intent can facilitate continuously leveraging of entrepreneurial opportunities for advantage seeking purposes (Ireland, Hitt & Sirmon, 2001). As noted by Hitt, Ireland, Camp & Sexton (2001), the official birth certificate of the field may be taken to be the 2001 special issue on “strategic entrepreneurship”. Hitt, Ireland, Camp and Sexton (2001) sought to define, legitimize and clarify the domain of strategic entrepreneurship by arguing that in order for firms to achieve sustained competitive advantage, they need to strategically leverage entrepreneurial wealth creation. In this broad definition, strategic entrepreneurship transcends hierarchical levels; it applies to both small as much as it does to large firms, it also applies to established firms as much as it does to new ventures (Agarwal, Audretsch & Sarkar, 2010). In Nigeria, the practice of strategic entrepreneurship is being taken with serious concern at all sectors because of its importance in combating unemployment, poverty eradication as well as crime reduction.

The common approach to poverty reduction by all levels of government nationally and internationally is by ensuring sustainable growth and development and to sustain economic growth and development, we must ensure SME's growth and sustainability. Onugu (2005) confirmed that SMEs have contributed to the growth and development of many countries by reducing poverty, increase employment leading to enhanced Gross Domestic Product (GDP) and favorable balance of trade through export promotion. UNCTAD (2005) viewed that available evidence suggests that SMEs have played a major role in the growth and development of the leading economies in Asia. Small and Medium enterprises (SMEs) from studies play an important role in the growth, employment and development processes of the developing economies of which Nigeria is one (Kabuoh, 2013). The SMEs that have contributed positively are those managed by promising entrepreneurs who have efficient and effective resource management skills that have placed them on competitive advantage over their rivals.

Statement of Problem
Small businesses are more exposed to hazards compared to large businesses, the reason is not farfetched due to their inability to expand, inadequate capital to compete with the decline or loss of market revenues, and higher operational costs per unit of revenue. The expectation of SMEs in Nigeria in the development of the economy, eradication of poverty and employment generation are still far from achievement as literature has indicated that SMEs have performed below expectation for a number of factors thereby contributing little or nothing to the Gross Domestic Product.
Domestic Product (GDP) of the nation. Regrettably, poor resource management is associated with poor enterprise performance and early liquidation of such enterprise. Bengesi and Le Roux (2014: 155), It has therefore become a challenge to strive harder as entrepreneurial oriented firms respond by exploiting existing or created opportunities to build competitive advantage, which leads to a firm’s performance. Poor strategic resources management as a result of owner/manager's intervention are all contributing factors to SMEs poor performances.

Jayathilake (2015) posited that the ability to combine resources in an innovative way drives new opportunity creation process. The efficient utilization of SMEs resources in various sectors is expected to offer greater value to their stakeholders more than competitors but managers of SMEs do not have proper resource management culture especially fund utilization hence they are owner managers and as such see themselves as the financial controllers. Poor or non-monitoring of SMEs by regulatory authorities as Small and Medium Scale Development Agency of Nigeria (SMEDAN) has its own negative implication.

**Objective of the Study**
To examine the relationship of entrepreneurial strategic resources management on competitive advantage of SMEs in Lagos State

**Methodology**
This paper employed desk research as the process of gathering information relating to the study variables such as; strategic entrepreneurial resource management, competitive advantage, SMEs among others. This information is domiciled as secondary sources in printed and published journals. Specifically, there was literature consultation from Small and Medium-Scale Enterprises Agency of Nigeria (SMEDAN). There was an indebt review on conceptual, theoretical and empirical framework of all study variables from the secondary sources dealt with.

**Conceptual Framework**

**Strategic Entrepreneurship**
Various authors have defined Strategic entrepreneurship in various ways but the general view is that, that summarizes the authors' opinion; The synchronized ability of firm to explore the future opportunities and exploit that of today in creating sustainable competitive advantages is known as,strategic entrepreneurship' which is becoming exceedingly significant in the business world of this era (Atashi & Abdolpour, 2012; Foss & Lyngsie, 2011; Jayathilake, 2015; Nhuta & Kapofu 2015; Tulucea & Yurtkur, 2015). Djordjevic (2013) is of the view that taking entrepreneurial action using a strategic perspective exploration, evaluation, and extraction of opportunities are defined as features of entrepreneurship. Small firms are more skilled at finding opportunity while their limited knowledge and small market share impair their capability of exploiting the prospective opportunities.

Strategic entrepreneurship is the combination of entrepreneurial opportunity seeking and strategic advantage seeking to pursue competitive advantage and wealth creation Chang &Wang, 2013). This enables SMEs the opportunities to leverage on available resources to venture in any business as a startup irrespective of the size. Success of entrepreneurial companies can be assessed in terms of strategic opportunities they identify, evaluate, and ratify. Therefore, opportunity recognition significantly suggests how companies are formed.
through converting entrepreneurship attitudes into strategic advantage (Atashi & Abdolpour, 2012). Strategic entrepreneurship ultimately contributes to value creation and mitigation of competitive threats.

The small businesses seeking for strategic entrepreneurship must provide themselves with a rich collection of resources and capabilities from either insides or outsides of the organization. Strategic entrepreneurship enables the companies to react appropriately against the environmental changes (Atashi & Abdolpour, 2012). Strategic entrepreneurship is designed by combination of entrepreneurial activities and processes of opportunity discovery and also strategic activities related to achievement of competitive advantage.

Strategic Resource Management
Strategic management of resources is the process of attainment of determined benefit from the resources in an organization, the combination of resources, and the optimization of resources utilization to enhance firm performances both as the small, medium or large enterprises as well as effective creation of a resources bank,

Chang and Wang, 2013; Dogan, 2015; Jayathilake, 2015; Nhuta and Kapofu, 2015; Tsai and Lei, 2016). The knowledge spillover view offers a lens to explain the causes and consequences why firms fail or succeed to create and appropriate value from knowledge investments (Agarwal, Audretsch & Sarkar, 2007). Another type of input to SE is organizational resources (Hitt et al, 2011) such as culture and leadership. However, all resources are not the same and sometimes may mix badly or require different management skills. It might be relatively easy for experienced managers when leveraging fungible resources such as cash and brands, but more difficult when it comes to more idiosyncratic resources with less fungibility such as talented film directors (Mannor, Shamsie, and Conlon, 2015).

Chang & Wang (2013) are of the opinion that strategic entrepreneurship is at work when resource allocations and utilization are aimed to facilitate opportunity-seeking and advantages-identification. Some firms use collaborative strategies, and develop alliance capabilities to access resources from partners and bundle them in new combinations to exploit opportunities ((Larsson et al, 1998 cited in Nhuta & Kapofy, 2015).

Competitive Advantage
The ability to operate in dynamic environments, using dynamic capabilities may be a source of competitive advantage (Eisenhardt & Martin, 2000). Some firms use collaborative strategies to pursue their business goals and outwit competitors. Competitiveness of a firm is its competence to accomplish its goals. These goals are expected to be articulated in a variety of terms depending on the circumstance (Barney, 2002). Within a macroeconomic viewpoint, a competitive firm creates and maintains a degree of performance that contributes to the indicators of economic growth such as Gross Domestic Product (GDP), employment opportunities, and the wealth of the people. A competitive firm needs to continue to exist in the market and to attain market share, profit and sales revenue from entrepreneurial point of view (Shonubi, 2017). Other subjective conditions include improved standing with customers, suppliers, and competitors, and advance quality of delivered services (Barney, 2002). Strategic entrepreneurship is all about striving towards achieving competitive advantage especially through imbibing effective and efficient strategic management of resources.
Competitive advantage is a business thought describing elements that permit an organization to outperform its competitors. These attributes may include access to natural resources or inexpensive power, extremely skilled workforce, geographic position, high entry difficulties and so on and so forth. Porter (1985) described the two types of competitive advantage a business can accomplish relative to its competitors as lesser cost or product differentiation. Porter believes that strategic management concerns should be on developing and maintaining competitive advantage.

When a firm does better than rivals in all ramifications regarding the entrepreneurial functions and this translates to enhanced performance, such enterprise is said to be enjoying competitive advantage. This advantage obtains from quality product or service that allows a business outperform its competitors, such as advanced market position and business inputs. A business has a competitive advantage when it has the means to outsmart it competitors when contending for the customers’ favour (Buffan, 2000; Christensen, 2001). Barney (2002) describes that a business experiences a competitive similarity when the business's action generates economic worth applied in a number of other businesses involving in a related action. The term “competitive advantage” implies the capability achieved in the course of attributes and inputs to perform at superior height than others in the same line of business (Christensen, 2001; Porter, 1980). Barney (2002) discusses four approaches to measure the firm's competitiveness as: firm's survival, stakeholder approach, simple accounting measures, and adjusted accounting measures.

Passemard and Calantone (2000) were of the opinion that effectively implemented strategies will elevate a firm to superior performance by facilitating the firm with competitive advantage to outperform recent or prospective players. An advantage that a firm has over its competitors, allowing it to produce superior sales or margins and/or retains more customers than its competitors. This can be in terms of firm's cost structure, product offerings, distribution network and customer support. Competitive advantage gives a company an edge over its rivals and an ability to generate greater value for the firm and its shareholders. The more sustainable the competitive advantage, the more difficult it is for competitors to neutralize the advantage. Controlling and gaining access to valuable, rare and inimitable resources is not enough to achieve competitive advantage, they also need to be efficiently organized and orchestrated (Barney, 1991). Two such orchestration processes are bundling and leveraging (Hitt et al, 2011). As resources and capabilities often are formed within functions such as manufacturing and IT, bundling means combining these resources and capabilities in order to identify and exploit new opportunities as well as seeking competitive advantages.

Small & Medium Enterprises
Small and Medium Enterprises (SMEs) is now being regarded as the drivers of economic growth rather than large multinational companies being the major contributors to economic growth. This has necessitated most governments to adopt a concept of “catch them young” by Shynet (2014) as a way of nurturing SMEs to multi-billion multinational companies. The Nigerian Government established various programs anchored by the Ministry of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in an effort to ensure the development of SMEs. The mandate of the Ministry is to ensure a guided approach in promoting development of SMEs as a means of empowering individuals at the same time boosting the development of SMEs and the economy at large.
The small and medium enterprises (SMEs) form the core of majority of the world's economies (Ariyo, 2005). A study by the Federal Office of Statistics (FOS) in 2001, now National Bureau of Statistics (NBS), shows that in Nigeria, small and medium enterprises make up 97% of the economy. Although smaller in size, they are the most important enterprises in the economy due to the fact that when all the individual effects are aggregated, they surpass that of the larger companies (Ogbaru, Kabuoh, & Okwu 2014).

Small and medium scale enterprises have undoubtedly improved the standard of living of so many people especially those in the rural areas. Okpara and Wynn, (2007) affirmed that SMEs contribute about 20% to 45% full employment and equally contribute about 30% to 50% to rural income which are mostly house-holds. Over the years, small and medium enterprises have been an avenue for job creation and the empowerment of Nigeria's citizens providing about 50% of all jobs in Nigeria and also for local capital formation. Being highly innovative, they lead to the utilization of our natural resources which in turn translates to increasing the country's wealth through higher productivity.

Theoretical Framework
Dynamic Capabilities Theory (DCT)

DCT was initially introduced by Teece and Pisano in 1994. DCT is defined as the firm’s ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments (Teece, Pisano & Shuen, 1997). Teece and Pisano (1994) stated that companies pursued a resource-based strategy in the past to accumulate valuable technological assets, often reserved by a defensive approach towards intellectual property in order to be successful. Dynamic capabilities thus reflect an organisation's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions. DCT is the suitable term to stress the firm’s ability to exploit internal and external changing environment to be able to beat competition, achieve organizational goal and remain in business.

The concept of dynamic capabilities as the ultimate source of competitive advantage is at the fore front of strategy research (Hou & Chien, 2010). DCT accounts for market dynamism (Priem & Butler, 2001; Landroguez, Castro & Cepida, 2011). This support the need of some organizations achieving set of goals on a gradual basis and also achieve competitive advantage in dynamic markets (Ferdinand, Graca & Easterby-Smith, 2004). They added that intangible resources as knowledge and skills need to be reconfigured and adapted to suit the changing business environment by adding value to it.DCT involves the formulation of marketing strategies to beat competition which include seizing as stated in Kabuoh (2017) which focuses on taking advantage of opportunities for value creation and competitive advantage. SMEs in Nigeria if focused on the practice of DCT will not only experience competitive advantage as a result of enhance performance but shall remain sustainable.

Empirical Review

Dogan (2015) carried out a study on the intersection of entrepreneurship and strategic management: Strategic entrepreneurship concluded that an effective strategic entrepreneurship helps companies raise their performances, develop their relatively sustainable competition advantages and respond to all kinds of important environmental changes faced. Fuentelsaz, González, Maicas, & Montero, (2015) noted that an increased development of formal institutions positively affects both opportunity entrepreneurship and
its relative presence. Similarly, the relative presence of opportunity and necessity entrepreneurship is influenced by the characteristics of the institutional environment. Melo, Borini, Monteiro, & Cipolla, (2010) carried out a survey on Entrepreneurial strategies and the use of strategic implementation mechanisms on micro- and small entrepreneurs. Result confirms that maturity of some businesses fosters a stronger use of strategic management techniques. Due to some environmental factors entrepreneurs face the challenge of the strategic management of their business. At the start of every business mostly at the micro and small levels, strategic management of resources is very important as this will affect firm performance positively or negatively especial working capital and then human resource who are the executors of the businesses.

Daryani, and Tabrizinia, (2015) on their study: Relation between strategic entrepreneurship with going competitive advantages and wealth-creation noted that entrepreneurial strategies create value for customer which turns into competitive advantage conquering market through value-creation. Ikhwan, and Nugroho, (2015) found that the resources required to develop the potential business opportunities are individual, family and organizational resources. Possible competitive advantage that can support them for innovation is optimal exploitation of these resources with socio-emotional motives. The importance of strategic entrepreneurship in creating competitive advantage and opportunities has gotten, relatively, little attention devoted to strategic entrepreneurship of family business.

Conclusion
This paper has carefully examined the prospects, challenges and implications of strategic entrepreneurial resource management on competitive advantage of SMEs in Nigeria. The paper found that an effective strategic entrepreneurship helps companies raise their performances, develop their relatively sustainable competition advantages and respond to all kinds of important environmental changes faced. Worldwide, there is a shift from large multinational companies being the major contributors to economic growth, to Small and Medium Enterprises (SMEs) being regarded as the drivers of economic growth. It was discovered that in an effort to ensure the development of SMEs, the Nigerian Government established various programs anchored by the Ministry of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN).

The concept of dynamic capabilities as the ultimate source of competitive advantage is at the forefront of strategic performance. Strategic management of resources is the process of getting maximum benefit using the least minimum resources in an organization.

Recommendations
From the outcome of the drawn conclusion, we recommend the following:

1. Continuous imbibing of effective and efficient strategic resource management by Small and Medium Enterprises (SMEs) in Nigeria. This will assist and enhance maximum output at least cost transforming to organizational competitive advantage.

2. The Nigerian government should intensify efforts to monitor the activities of various programs designed to develop SMEs. This will go a long way to yield expected and positive results regarding SMEs contribution towards national development and Gross Domestic Product (GDB) as being observed globally.
3. There should be proper environmental scanning by SMEs operators to adapt to any environmental changes especially economic forces and competitors' dealings. The leveraging of such changes and strategic positioning shall place them on competitive advantage over rivals.

References


