

Entrepreneurial Culture and Enterprise Growth of Agricultural SMEs in Oyo State, Nigeria

¹Asikhia, O. U. ²Makinde, G. O, ³Akinlabi, B. H. & ⁴Ukenna, B. I.

^{1,2,3&4}*Department of Business Administration & Marketing, School of Management Sciences, Babcock University, Ilishan-Remo, Ogun State Nigeria*

Abstract

This study investigated the effect of entrepreneurial culture on enterprise growth of SMEs in the agricultural sector of Oyo State, Nigeria. The participants were owner/managers of 489 agro-based SMEs in Oyo State, Nigeria. The participants completed a structured, self-administered, adapted and validated questionnaire. Statistical analysis was carried out using SPSS. The hypothesis was tested using simple linear regression and Pearson Product moment correlation coefficient statistical tools. The study found that entrepreneurial culture had a positive effect on sales growth and profitability of selected SMEs in the agricultural sector in Oyo State, Nigeria, however, the significance was a weak one indicating that other factors could be considered as mediating or moderating variables. The study recommends that SMEs in the agricultural sector in Oyo State should create the appropriate entrepreneurial culture in their operations to enhance sales growth and profitability.

Keywords: *Agricultural SMEs, Entrepreneurial culture, Enterprise growth, Profitability, Sales growth.*

Corresponding Author: Asikhia, O. U.

Background to the Study

Small and medium-scale enterprises (SMEs) have increasingly become a powerful engine for both economic growth and social development in today's rapidly growing and dynamic competitive global economy. Notwithstanding the contributions of small and medium businesses to every economy, small businesses all over the world are facing several challenges that hinder their general performance. In Iraq, Korea, Malaysia as well as other countries around the world, SMEs are faced with difficulties such as low capacity, poor market performance, declining profitability, inconsistency in government policies, access to financial support and infrastructural deficiencies. Small and Medium Enterprises across Africa are considered less strategically oriented than those of developed countries. In Kenya, despite the critical role played by the SMEs in the country, most of the new businesses are faced with many challenges where over 90% of the businesses fail at their third year (Burugo & Owour, 2017).

In Nigeria, agencies such as Small and Micro Enterprise Development Agency (SMEDAN), and the Bank of Industry, for instance, were established to provide technical support and low interest loans, while the Small and Medium Enterprise Industries Equity Investment Scheme (SMIEIS) mandates commercial banks to invest at least 10% of their pretax profit in SMEs. In 2014 the Central Bank of Nigeria (CBN) launched 220 Billion Naira SMEs intervention fund. However, despite numerous efforts by successive governments and other stakeholders, majority of newly established SMEs fail to survive their first two years, while existing ones are either closing or operating at sub-optimal levels. This assertion is corroborated by Abosede, Obasan, and Alese (2016), who posited that the failure rate for start-ups is high. This has resulted in the poor performance of SMEs as an instrument of economic growth and development in Nigeria (Abosede, *et al.*, 2016).

In Nigerian, agriculture remains a key component of the economy and currently contributes about 40% of the GDP and employed about 70% of the active population, the sector has however significantly underperformed its potential (FGN, 2014). This has been clearly manifested in the very high food prices nationwide, food insecurity both at household and national level and malnutrition especially in children. Oyo State is blessed with vast and fertile farmlands, as a result, agriculture is the main occupation of the people. The climate in the State favours the cultivation of crops like cassava, maize, millet, cashew, banana and plantains, however, agro-related challenges such as the continued adoption of obsolete planting and harvesting techniques, inadequate provision of agricultural input, bad post-harvest/ post-production practices, other defective practices along the food production and supply chain, land availability and appropriation still persists (Alegbeleye 2019). As a result, food production is almost entirely left in the hands of peasant farmers and rural dwellers. Agriculture is not organised and operated as a business, hence, absence of entrepreneurial culture. SMEs in the State are largely dominated by small and medium scale agro-based enterprises specializing in production of bulk commodities consumed in homes and industries and for exports, especially in cash crops and fruit production and processing. These SMEs are expected to play crucial role in achieving food security in the State in particular and Nigeria in general both in terms of availability and access to food, but are however faced with a lot of difficulties which includes lack of innovation, low productivity, and inability to meet

performance targets (Bello, Bello & Saidu, 2015). Dauda, Akingbade and Akinlabi (2010) emphasized that improper implementation of strategic management practices by entrepreneurs resulted to low profitability, decline in customer satisfaction, loss of sales and market share and therefore suggests that entrepreneurial culture concepts should be adopted by business organisations including small businesses.

Statement of the Problem

Small and Medium Enterprises have been associated with battling several limitations in terms of personal traits and in competencies among owners that hinder their growth, survival and environmental sustainability (Kathryn, *et al.*, 2016). It is pertinent to note that not many authors have researched into the area of entrepreneurial culture especially as it affects sales and profitability in the Nigerian Agricultural SME sector. The work of these researchers (Baron, Franklin & Hmieleski, 2016, Lowell, Mark, David & Jason, 2015; Yitshaki & Kropp, 2016; Fuentelsaz, González, Maicas & Montero, 2015) focused on entrepreneurial orientation, entrepreneurial attitude, strategic leadership but suggested that further studies should investigate entrepreneurial culture and its impact on enterprise growth.

Karimi and Abedini (2015) revealed that in Nigeria, most SMEs failed due to poor entrepreneurial culture and inability to develop and shape an effective knowledge base of entrepreneurship capabilities in their operations. The lack of entrepreneurial and strategic skills, education and experience amongst entrepreneurs are the major causes of loss of profit which has negatively affected the overall performance of Agricultural SMEs. Further, Alarape (2013) revealed that the poor integration of entrepreneurial culture in firms' operations denied most firms the opportunity to achieve new capabilities that are created within the operational and dynamic organizational processes which have put the firms in difficult situations in achieving the profit objective of the organization.

Objectives of the Study

The objective of this study is to examine the effect of entrepreneurial culture on enterprise growth of agricultural SMEs in Oyo State, Nigeria. To achieve this main aim, the study:

1. Evaluated the effect of entrepreneurial culture on sales growth of agricultural SMEs in Oyo State.
2. Evaluated the effect of entrepreneurial culture on profitability of agricultural SMEs in Oyo State.

Research Questions

The study answered the following questions:

1. How does entrepreneurial culture affect sales growth of agricultural SMEs in Oyo State?
2. How does entrepreneurial culture affect profitability of agricultural SMEs in Oyo State?

Research Hypotheses

- Ho₁:** Entrepreneurial culture has no significant effect on sales growth of agricultural SMEs in Oyo State.
- Ho₂:** Entrepreneurial culture has no significant effect on profitability of agricultural SMEs in Oyo State.

Literature Review

Small and Medium Scale Enterprises (SMEs)

Definition of Small and medium enterprises vary from country to country relative to the overall size and structure of the domestic economy. Egbuogu (2003) and Afolabi (2016) noted that definitions of SMEs vary between countries and between continents. Small-scale business is defined in terms of annual turnover and the number of paid employees. The measurement system of an enterprise gathers information about the changes in both the environment and the performance of the enterprise. As a result, outputs of the enterprise, the products, the services, the operational performance and the financial performance are changed. Small business covers a variety of enterprises. It encompasses sole proprietorship or entrepreneurship, family businesses and partnerships, and may be incorporated or unincorporated. The term also includes such professionals as Accountants, Lawyers, Doctors, Engineers, and Architects, who are self-employed. Others are repairmen and roadside auto-servicemen known generally as “roadside mechanics” in Nigeria (Justin, 2014). Abiola (2012) define Small and Medium Scales Enterprises as firm which employ total of between 10 to 200 employees. On the other hand the government classified SMES as firms that employ up to 300 Peoples with a capital base of N100million. Central Bank of Nigeria, (2010) opined that small and medium enterprises (SMEs) are important to the development of any economy because they possess great potentials for employment generation, improvement of technology, output diversification, development of indigenous entrepreneurship and forward integration with large-scale industries

Andy (2014) classified SME's into four main categories that includes micro enterprises that employs less than 6 individuals, very small enterprises that employs 6-9 workers, small enterprises that employs 10– 29 employees and medium enterprises that employs 29-50 individuals. Small and Medium enterprises according to the above definition emphasizes on employee size as compared to other definitions that takes into account fixed assets and others.

Table 1: SME Definitions in some Countries of the World

Country	Small	Medium
United Kingdom	10-49 employees	No. of employee up to 249
European Union	10- 50 employees	No. of employee up to 250 .
Australia	5-20 employees	No. of employee up to 200.
USA	10- 100 employees	No. of employee up to 500
Egypt	10 - 50 employees	No. of employees above 50 up to 250
South Africa	21 to 50 employees.	No. of employees above 50 up to 200.
Australia	5 - 19 employees.	No. of employees above 19 up to 199.
New Zealand	5 - 19 employees.	No. of employees above 19 up to 50.
Bangladesh	5-29 employees	No. of employees above29 up to 50 .
Ghana	10-29 employees	No. of employees above29 up to 50
Nigeria	10-49 employees.	No. of employees above 49 up to 199

Source: Researcher's compilation (2019)

Table 2: Definition of SMEs in Nigeria

S/N	Size category	Employment	Assets (=N=MILLION (Excluding Land and Buildings)
1	Small Enterprises	10-49	5-Less than 50
2	Medium Enterprises	50-199	50 to less than 500

Source: SMEDAN, 2007

Entrepreneurial Culture

Scarborough (2012) argues that entrepreneurship is about creating something new in an uncertain environment and for the purpose of profit. (Scarborough, 2012) Many definitions of entrepreneurship highlight the importance of seeking profits. However, Barringer and Ireland (2015) claim that entrepreneurship is about pursuing and recognizing opportunities and putting useful ideas into practice. Harvard University defined entrepreneurship as the pursuit of opportunity beyond controllable resources. Scarborough (2012) and Butler (2006) also mention uncertainty and resources beyond control, which brings the aspect of risk to the concept of entrepreneurship.

The concept of entrepreneurial culture has existed for decades, described as an organizational culture embodying and championing entrepreneurial characteristics and attributes. These characteristics have included the elements one would expect to see among entrepreneurs as individuals (Wong, 2014). Entrepreneurial culture is a term derived from two words 'entrepreneurial' and 'culture'. Zouhayer (2013) define the term entrepreneurial as an adjective describing how the entrepreneur undertakes what they do. Brownson (2011) defines culture as an attribute, values, beliefs, and behaviour which can be learned or acquired by man from one generation to another, from one individual to another, from one group to another as long as one is a member of the society and it has the ability of distinguishing one group from another. Therefore, the nurturing of certain attributes, values, beliefs and behaviour indicates an attempt to foster a certain type of culture.

According to Nhuta and Kapofu (2015), a culture of entrepreneurship is one in which the search for venture opportunities permeates every part of the organization. Entrepreneurial culture is a condition in which new ideas and creativity are expected, taking risks is encouraged, failure is tolerated, learning is encouraged, innovations about product, process and management are defended and a continuous change is accepted as the carrier of opportunities (Dogan, 2015). According to Naranjo-Valencia, Jimenez and Sanz-Valle (2011), entrepreneurial culture is a determining key of the strategy of innovation, and consequently, organisations should support values and standards according to their strategic choice. Kazemi and Madandar (2012) argue that entrepreneurial culture is a system of shared values and beliefs that shape the firm's structural arrangements and its members' actions to produce behavioural norms. A firm's culture affects its employees' expectations of one another as well as their expectations of interactions with external stakeholders.

In this study, entrepreneurial culture is the exhibition of the attributes, values, beliefs and behaviour associated with entrepreneurs by individuals in such a society which distinguishes them from others. These attributes, beliefs or habits are there because they have been cultivated and nurtured over time to become what they are today and that is the basis of an entrepreneurial culture which is needed to drive an organization toward achievement of laudable results.

Enterprise Growth

Growth for a business is essentially expansion, making the company bigger, increasing its market and ultimately making the company more profitable. Fitzsimmons, Steffens, and Douglas (2005) restate the belief that the use of growth as a measure of firm performance is based on the understanding that growth is an antecedent to the attainment of sustainable competitive advantage. The belief is that firms that are undergoing growth phases have higher rates of survival and they enjoy the benefits associated with economies of scale which in turn will affect their profitability (Fitzsimmons *et al.*, 2005). Though present profitability of a company may be good, opportunities for growth should always be explored, since this offers opportunities for greater overall profitability and keeps or moves the firm into the line of sight of analysts and potential or current investors.

Profitability and sales growth go hand in hand in regard to business success. Profit is very important to basic financial survival as a corporate entity, while growth is equally critical to profit and long-term success. The interrelation of profitability and sales growth is illustrated by the fact that a basic operating principle is that growth can best be evaluated by examining profit and total sales. It is important that all firms must remember the need to maintain a balance between profitability and growth: it is crucial for any business to grow as well as be profitable in order to sustain and stay relevant in the marketplace (Chowdhry, 2016).

Sales Growth

Measuring growth is possible by looking at a number of pertinent statistics, such as overall sales, number of staff, market share and sales turnover. Although increasing sales and income growth may be worthwhile objectives, such actions may not always increase shareholder

value (House & Benefield, 1995). It is the argument of Fitzsimmons, Steffens and Douglas (2005) that the relationship between growth and profitability is very important as sustained growth is only possible through enduring profitability and profits being available for reinvestment in the firm; and whenever growth is not funded through retained earnings, the business firm must rely on additional debt or equity finance. Frederic, Davidson and William (2003) suggested that if only one indicator is to be used as a measure of firm growth, then the preferred measure should be sales. They argue that sales figures are relatively easy to obtain and they reflect both short and long term changes in the business.

In accounting literature, sales growth is the amount by which the average sales of a company's products or services have grown, over a period of time but usually from year to year. It is calculated as follows: $(S2 - S1/S1) \times 100$, where S1 is Sales figure for the previous period; and S2 is the Sales figure for the current period. For a more accurate SG percentage, it is better to use net sales figures which are arrived at by taking the gross sales figure and subtracting discounts, refunds and other such expenses. SG figures can help in predicting the general direction of a business though they do not provide the full picture of a business success or failure. And when the SG figures of a particular company are compared with those of its competitors, it gives a general view of the future prospects of the company under review. The sales growth is one of those conventional indicators that most directly indicate the ability of a business entity to maintain/reduce/increase the level of their market competitiveness, and at the same time it is considered to be the result and the measure of entrepreneurial orientation (Covin, Greene & Slevin, 2006).

Profitability

Sometimes, the terms 'Profit' and 'Profitability' are used interchangeably. But in real sense, there is a difference between the two. Profit is an absolute term, whereas, the profitability is a relative concept. However, they are closely related and mutually interdependent, having distinct roles in business. Profit refers to the total income earned by the enterprise during the specified period of time, while profitability refers to the operating efficiency of the enterprise. It is the ability of the enterprise to make profit on sales. It is the ability of enterprise to get sufficient return on the capital and employees used in the business operation (Khan & Jain, 2005). Weston and Brigham define profitability as "the net surplus of a large number of policies and decisions.

Profitability is critical to a company's survival in the long-term and it measures a firm's past ability to generate returns (Santos & Brito, 2012). The ultimate long-term goal for a business should be growth in the bottom line. Ambad and Wahab (2013) argue that to ensure survival in the industry, profitability is a key issue for every profit-oriented firm and maximizing it is the goal of the firm. So to achieve higher profitability, it is imperative for every firm to have its own strategy that will fit into the current rapidly changing business environment.

In this study, profit is the excess of the selling price of the article or service being sold over the cost of providing it. Without an understanding of profitability, it will be a bit challenging for a firm to remain in the business space. High levels of profitability shows that the business is doing fine and is worth investing in.

Empirical Review

Entrepreneurial Culture and Sales Growth

Kabuoh, Ogbuanu, Chieze, Anthony and Adeoye (2017) examined the effect of entrepreneurial culture on the performance of SMEs in Lagos State. The study took a theoretical approach as information were generated through text books, journals, magazines and informed opinions. The result indicated great effect between entrepreneurial culture and performance measured by sales growth and customer satisfaction of SMEs in Lagos State. Similarly, Ehtesham, Masood and Shakil (2011) got the same results and propounded that there exist strong positive correlation between entrepreneurial culture and performance management practices and organizational performance is predicted and enhanced through cultural dimensions.

Mahadalle and Kaplan (2017) assessed the effect of entrepreneurial competencies, culture and entrepreneur's demographic and personal characteristics on business performance among initial stage entrepreneurs. Further, it also aimed at identifying the main challenges encountered by the women entrepreneurs involved in Small business in Somalia. The study adopted extensive relevant literature reviews on the studied variables and drawing conclusions based on the conducted reviews. The reviewed studies showed that entrepreneurial characteristics and entrepreneurial competencies are positively related to overall business performance. Further, the study also supported the claim that Somali women entrepreneurs make a significant contribution to the small-scale businesses in Somalia but faced several challenges that must be catered to as urgency. Also, Aliyu, Rogo, and Mahmood (2015) studied the entrepreneurial orientation, knowledge management and business performance in the role of organizational culture. Knowledge, skills, adapting to an organizational environment, flexibility and the learning competency are some of the factors associated with the personal characteristics which also played the role of entrepreneur. A study by Mazzarol *et al.* (2009) also revealed that personal visions of the owner/managers correlate with a high level of sales turnover. The cognitive ability of managers adds much to their performance and behavior (Panagiotou, 2006). Fajnzylber *et al.* (2006) found a consistent positive result for small enterprises in Mexico, but the significance depends on the sample selection.

Entrepreneurial Culture and Profitability

Numerous studies have tried to identify the main characteristics of entrepreneurs while launching a new business. Shynet (2014) investigated entrepreneurship culture among SMEs in Zimbabwe. The study found a positive relationship between entrepreneurial culture and performance in terms of profitability of SMEs. Mohammed and Obeleagu-Nzelibe (2014) examined the skills required by entrepreneurs for the enhancement of the performance of SMEs, find solutions to the problems facing the SMEs in Nigeria and identify strategies required by new ventures as demonstration alternatives. The study found that entrepreneurial attitude (skills, proper record keeping, access to financing, concessional taxation, longer period of operation and consistent policies) and culture were found to be significant factors required for business success and profitability in Nigeria. Subhan, Hussain, Isa and Shukri (2017) revealed that entrepreneurial attitude (one of the non-financial attributes) and

entrepreneurial culture plays a significant role in influencing entrepreneur's business performance. The study concluded that financial support and non-financial attributes (i.e. entrepreneurial elements) are important for an entrepreneur's business success in terms of sales growth and profitability.

Mustapha and Selvaraju (2015) carried out a study on the factors associated with entrepreneurial inclination among undergraduate students in Malaysian universities. Among others, the influences of personal attributes, family and peer, and entrepreneurship education on the students' inclination towards entrepreneurship were examined. The results of the study indicated that the respondents have a positive inclination towards entrepreneurship. The hierarchical regression results showed that personal characteristics, family influence, entrepreneurial education have positive and significant influence on the students' intention to be entrepreneurs when the variables are added into the equation. However, gender was not an important factor in influencing the students to choose entrepreneurship as their future career pathway.

Theoretical Review

Resource-based view (RBV)

In 1991, Jay Barney presented a more concrete and comprehensive framework to identify the needed characteristics of firm resources in order to generate sustainable competitive advantage. These characteristics include whether resources are: valuable (in the sense that they exploit opportunities and/or neutralize threats in a firm's environment), rare among a firm's current and potential competitors, inimitable, and non-substitutable. The resource-based view of the firm (RBV) is one of the most widely accepted theoretical perspectives in the strategic management field (Powell, 2001; Priem & Butler, 2001; Rouse & Daellenbach, 2002). Barney (1991) based his articulation of the RBV on two fundamental assumptions: that resources (and capabilities) are heterogeneously distributed among firms and that they are imperfectly mobile. These assumptions co-jointly allow for differences in firm resource endowments to both exist and persist over time, thereby allowing for a resource-based competitive advantage.

Furthermore, resources can be classified into physical capital resources, human capital resources and organizational capital resources. In support of RBV, Markman, Espina and Phan (2004) focused on patents as valuable and rare resources. The results from their research showed that inimitability significantly leads to superior performance while non-substitutability doesn't lead to superior performance. Important to mention is that the generalizability of these results is questionable as they focused on patents only. Other supporters include Grant (2010), and Brahma and Chakraborty (2011). These authors posit that resources are a source of performance. In addition to building competitive advantage, resources may increase the firm's capacity to charge high prices and, thus, contribute to performance by helping the firm to appropriate the value linked to competitive advantage.

Dynamic Capabilities Theory (DCT)

This theory was proposed by Eisenhardt and Martins in 2000. Organizations do have unique combinations of different organization capabilities which makes firms different from others

and these resources were built over time and future actions of the organization usually depends on the capabilities acquired in the past (Dosi & Bassanini, 2001). According to Barney (1991), dynamic capabilities complements the theory of RBV of the firm. According to Teece, Pisano, & Shuen (1997) propose an interesting definition of dynamic capabilities as follows as the firm ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. It is not only the bundle of resources that matter, but the mechanism by which firms learn and accumulate new skills and capabilities, and the forces that limit the rate and direction of this process.

Grant (2010), argued that capabilities are the source of competitive advantage while resources are the source of capabilities, like a good cake this happens when they are combined with the ingredient of strategic leadership, as Grant (1991) puts it, as they build and nurture distinctive capabilities needed superior value creating marketing opportunities. It is worthy to note that the capabilities that will create competitive advantage for an organization should not be static rather it should be flexible enough to adapt to changes in the environment and it is with this adaptation that the idea of dynamic capabilities emanated.

Methodology

Research Design

This study employed survey research design to examine the effects of entrepreneurial culture on enterprise growth of agricultural SMEs in Oyo State, Nigeria. This design was appropriate for this study because survey helps in extracting of attitudes and opinions from a sizable sample of respondents so as to make generalized conclusions (Nhuta & Kapofu, 2015).

Population of the Study

The target population for this study comprised the owner/managers of SMEs in the Agricultural sector in Oyo State. It is rare to get a comprehensive and up-to-date record of SMEs in Nigeria, but the National Micro, Small and Medium Enterprises (MSME) survey report (2013) revealed that the number of Small and Medium Scale Enterprises by states totalled 7987 SMEs in Oyo State. The population of SMEs in the Agricultural sector in Oyo State is 489. The choice of Oyo State is that it is one of the largest cities in Nigeria. Also, due to the position of Ibadan as the seat of power and the rallying point of the old South Western Nigeria and could also be linked to availability of Land for agricultural practices.

Sampling Size and Sampling Technique

Total enumeration technique was adopted for this study. This technique was chosen due to the size of the population. Further, this is to ensure a good representation of what the study intended to achieve. The subjects for this study were owner/managers of SMEs located in Oyo State, Nigeria in agriculture and agribusiness.

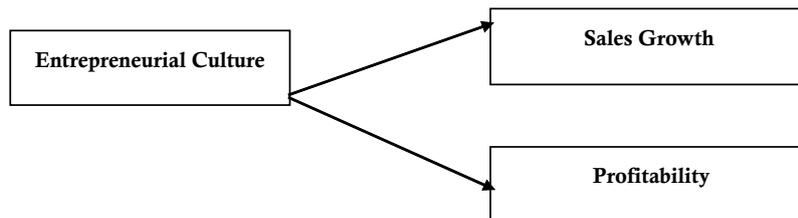
Method of Data Collection

For the purpose of this study, primary source of data collection was adopted. The primary source of data collection is appropriate because it allows the researcher to generate an accurate understanding of behaviours, events or situations in their present state (Wright & Stigliani, 2013). The primary data was sourced using questionnaire.

The study made use of adapted questionnaire which reflects the study objectives and questions. The questionnaire was divided into (3) sections. Section A collected the demographic information of respondents such as sex, age, marital status, educational qualification and length of service. Section B consisted of items to measure entrepreneurial culture and Section C consisted of items to measure enterprise growth sub-variables which are sales growth and profitability. The items on the questionnaire was based on a six point likert type scale which indicated VH = Very High, H = High, MH = Moderately High, ML = Moderately Low, L = Low, VL = Very Low. The respondents completed copies of the questionnaires by ticking the option believed to be closer to their options.

Method of Data Analysis

The data was analyzed with the use of inferential statistical method. The parametric inferential analysis was done with the use of regression analysis. Simple linear regression was applied to test all the hypotheses since the study sought to predict the value between one independent variable and one dependent variable at a time. The study determined the effect of entrepreneurial culture on enterprise growth of SMEs in the agricultural sector in Oyo State. Analysis was carried out using Statistical Package for Social Science (SPSS) version 23 software.



Source: Researcher's Model (2019)

Y = f (X)

Where: Y = Dependent Variable (Enterprise Growth)

X = Independent Variables (Entrepreneurial Culture)

Functionally,

$y_1 = f (X)$ -----i
 $y_2 = f (X)$ -----ii

x_2 = Entrepreneurial Culture (EC)

y_1 = Sales Growth (SG)

y_2 = Profitability (PT)

Regressionally,

$SG = a_0 + \beta_1 EC + e_i$ eq. (i)

$PT = a_0 + \beta_1 EC + e_i$ eq. (ii)

Data Analysis, Presentation, Interpretation and Discussion of Findings

Research Findings

Inferential statistics was used to determine the effect of entrepreneurial culture on enterprise growth (measured by sales growth and profitability). Simple linear regression analysis was used to determine whether independent variable, entrepreneurial culture (X) simultaneously affects the dependent sub-variables, sales growth (y₁) and profitability (y₂) of agricultural SMEs in Oyo State, Nigeria.

Hypothesis One

Table 1: Model Summary of Regression Analysis on the Effect of Entrepreneurial Culture on Sales Growth of Agricultural SMEs in Oyo State, Nigeria

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.470 ^a	.221	.218	3.01400

a. Predictors: (Constant), Entrepreneurial Culture

Table 1 presents the model summary of the regression analysis on the effect of entrepreneurial culture on sales growth of agricultural SMEs in Oyo State, Nigeria. The correlation coefficient, R of 0.470 indicated that the relationship between entrepreneurial culture and sales growth is a moderate positive and significant one (p = 0.000). Further, the R square of 0.221 shows that entrepreneurial culture only explains 22.1% of changes in sales growth of the agricultural SMEs in Oyo State, while the remaining 77.9% could be attributed to other factors not included in the regression model.

Table 2: Coefficients of Regression Analysis on the Effect of Entrepreneurial Culture on Sales Growth of Agricultural SMEs in Oyo State, Nigeria.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.931	1.507		7.917	.000
	Entrepreneurial Culture	.417	.049	.470	8.430	.000

a. Dependent Variable: Sales Growth

The result presented in Table 4.2 shows the coefficients of regression analysis on the effect of entrepreneurial culture on sales growth of agricultural SMEs in Oyo State, Nigeria. The result indicated that entrepreneurial culture has a positive and significant effect on sales growth of agricultural SMEs in Oyo State, Nigeria ($\beta = 0.417$, $R^2 = 0.221$, $t = 8.430$, $p < 0.05$). The regression model is thus explained as:

$$y_1 = f(X)$$

$$SG = 11.931 + 0.417EC \dots \dots \dots (eqi)$$

Where;

SG = Sales Growth, EC = Entrepreneurial Culture

The data a finding hence shows that a unit changes in entrepreneurial culture lead to a 0.417 change in sales growth of agricultural SMEs in Oyo State.

This finding is supported by Nhuta and Kapofu (2015) who assert that a culture of entrepreneurship is one in which the search for venture opportunities permeates every part of the organization. Entrepreneurial culture is a condition in which new ideas and creativity are expected, taking risks is encouraged, failure is tolerated, learning is encouraged, innovations about product, process and management are defended and a continuous change is accepted as the carrier of opportunities (Dogan, 2015). A firm's culture affects its employees' expectations of one another as well as their expectations of interactions with external stakeholders which improves a company's market performance through increased sales volume.

Hypothesis Two

Table 3: Model Summary of Regression Analysis on the Effect of Entrepreneurial Culture on Profitability of Agricultural SMEs in Oyo State, Nigeria

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.378 ^a	.143	.139	3.25371

a. Predictors: (Constant), EC

Table 3 presents the model summary of the regression analysis on the effect of entrepreneurial culture on profitability of agricultural SMEs in Oyo State, Nigeria. The correlation coefficient, R of 0.378 indicated that the relationship between entrepreneurial culture and profitability is a weak positive and significant one ($p = 0.000$). Further, the R square of 0.143 shows that entrepreneurial culture only explains 14.3% of changes in profitability of the agricultural SMEs in Oyo State, while the remaining 85.7% could be attributed to other factors not included in the regression model.

Table 4: Coefficients of Regression Analysis on the Effect of Entrepreneurial Culture on Sales Growth of Agricultural SMEs in Oyo State, Nigeria.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.332	1.627		8.809	.000
	Entrepreneurial Culture	.344	.053	.378	6.447	.000

a. Dependent Variable: Profitability

The empirical result of this study indicated that entrepreneurial culture has a positive and significant effect on sales growth and profitability. However, the significance was not a strong one indicating that other factors could still be considered in the interaction. Further studies can consider other moderating variables such as entrepreneurship experience and land ownership.

References

- Abiola, B. (2012). Effect of microfinance on micro and small enterprises (MSEs) growth in Nigeria, *Asian Economic and Financial Review*, 2(4), 2-14.
- Abosedo, A. J., Obasan, K. A., & Alese, O. J. (2016). Strategic management and small and medium enterprises (SMEs) development: A review of literature, *International Review of Management and Business Research*, 5(1), 315-335
- Afolabi, A. (2015). The effect of entrepreneurship on economy growth and development in Nigeria, *International Journal of Development and Economic Sustainability*, 3(2), 49-65.
- Alarape, A. A. (2013). Entrepreneurial orientation and the growth performance of small and medium enterprises in South-western Nigeria, *Journal of Small Business & Entrepreneurship*, 26(6), 553–577.
- Alegbeleye, O. (2019). Translating Nigeria's agricultural potential into food security, *Business day*. March 12, 2019.
- Aliyu, M. S., Rogo, H. B., & Mahmood, R. (2015). Knowledge management, entrepreneurial orientation and firm performance: The role of organizational culture, *Asian Social Science*, 11(23), 1911-2025.
- Ambad, S. N. A., & Wahab, K. A. (2013). Entrepreneurial orientation among large firms in Malaysia: contingent effects of hostile environments. *International Journal of Business and Social Science*, 4(16), 96-107.
- Andy, A. (2014). Challenges affecting SME growth in Ghana. *OIDA International Journal of Sustainable Development*, 7(6), 22-28.
- Babalola, J. B. (2014). *Reinventing Nigerian higher education for youth employment in a competitive global economy*; Grace Mbipom Foundation Annual Lecture Series. University of Calabar
- Baron, A., & Markman, G. (2003). Beyond social capital: The role of entrepreneurs' social competence in their financial success. *Journal of Business Venturing*, 18, 41–60
- Bello, R. S., Bello, M.B., & Saidu, M.J (2015). SMEs and agricultural transformation: The Nigerian experience. *Science Journal of Business and Management*, 3(5-1), 11-15.

- Brahma, S., & Chakraborty, H. (2011). From industry to firm resources: Resource-Based view of competitive advantage. *The IUP Journal of Business Strategy*, 8(2), 7-21.
- Brownson, C. D. (2011). *The impact of government entrepreneurship promoting policy measures in fostering entrepreneurial culture in Akwa-Ibom State, Nigeria from 2004 to 2009*. Unpublished PhD Thesis, University of Essex, England
- Burugo, V. M., & Owour, D. (2017). Influence of strategic management practices on business profitability in Kenya: A case study of Chai trading company limited. *Imperial Journal of Interdisciplinary Research*, 3(9), 923-947.
- Butler, A. (2006). The empirical status of cognitive-behavioral therapy: A review of meta-analyses. *Clinical Psychology Review*, 26(1), 17–31.
- Chowdhry, C. (2016). The impact of increases in subsidiary autonomy and network relationships on performance. *International Business Review*, 3(1) 22-28.
- Dauda, Y. A., Akingbade, W. A., & Akinlabi, H. B. (2010). Strategic management practice and corporate performance of selected small business enterprises in Lagos Metropolis, *International Journal of Business and Management*, 5(11), 97-105.
- Dogan L. (2015). The intersection of entrepreneurship and strategic management: Strategic entrepreneurship. *Social and Behavioral Sciences*, 195, 1288 – 1294
- Dosi, G. & Bassanini, A. (2001). When and how chance and human will can twist the arms of Clio: An essay on path-dependence in a world of irreversibilities. in *Path-Dependence and Creation* edited by R. Garud and P. Karnoe. Mahwah, NJ. Lawrence Erlbaum Associates.
- Egbuogu, I. (2003). *What small business entrepreneurs expect from local credit agencies and international business facilitators*. Paper presented at “Business America”. A Forum organized by the US Commercial Consulate, Lagos, Nigeria.
- Ehtesham, U., TahirMasood., M., & ShakilAhmad, M. (2011). Relationship between Organization Culture and Performance Management Practices: A Case of University in Pakistan. *Journal of Competitiveness*, 4, 78-88.
- Fajnzylber, P., Maloney, W., & Rojas, G. M. (2006). Microenterprise dynamics in developing countries: how similar are they to those in the industrialized world? Evidence from Mexico. *The World Bank Economic Review*, 20(3), 389-419
- Fitzsimmons, J. R., & Douglas, E. J. (2005). *Entrepreneurial intentions: A cross-cultural study of potential entrepreneurs in India, China, Thailand and Australia*, Paper presented at the Babson Kauffman Entrepreneurial Research Conference, Wellesley, MA.

- Frederic, D., Davidsson, P. & William, G. (2003). Arriving at high growth firms. *Journal of Business Venturing*, 18(2) 189-216.
- Fuentelsaz, L., Maicas, J. P., & Montero, J. (2018). Entrepreneurs and innovation: The contingent role of institutional factors. *International Small Business Journal: Researching Entrepreneurship*, 36(6), 686–711.
- Grant, R. M. (2010). *Contemporary strategy analysis*. Oxford. John Wiley and Sons.
- Justin, I. I. (2014). Evaluation of survival strategies of small and medium enterprises in Benue State, Nigeria. *International Journal of Accounting, Finance and Management Sciences*, 4 (2), 255-263
- Karimi, P., & Abedini, E. (2015). A study on the relationship between entrepreneurial culture and organizational entrepreneurship as viewed by employees working at hormozgan Province education department, Iran. *Academic Journal of Psychological Studies*, 4 (3), 82-89.
- Kathryn, L., Jane, B., & Kathy, B. (2016). Social entrepreneurship in communities: Examining the collaborative processes of health conversion foundations. *Non-profit Management & Leadership*, 26(3), 48-63
- Kazemi, R.M., & Madandar, S. (2012). Identifying the factors affecting entrepreneurial attitude of athlete & non-athlete university students. *Information Management and Business Review*, 4(6), 352-361.
- Khan, R. J. & Jain, D. C. (2005). An empirical analysis of price discrimination mechanisms and retailer profitability, *Journal of Marketing Research*, 42(4), 516–524.
- Kumar, K. (2015). Role of entrepreneurship in future economic development of Taiwan, *Open Journal of Business and Management*, 3, 389-402.
- Lowell, W., Mark, P., David, M. & Jason, A. (2015). The emergence of dual-identity social entrepreneurship: Its boundaries and limitations, *Journal of Social Entrepreneurship*, 21 (9), 105-136
- Markman, G. D., Espina, M. I., & Phan, P. H. (2004). Patents as surrogates for inimitable and non-substitutable resources, *Journal of Management*, 30(4), 529–544.
- Mazzarol, T., Sweeney, J. C. & Soutar, G. N. (2007). Conceptualizing word-of-mouth activity, triggers and conditions: an exploratory study. *European Journal of Marketing*, 41 (11/12), 1475-1494.

- Mustapha, M., & Selvaraju, M. (2015). Personal attributes, family influences, entrepreneurship education and entrepreneurship inclination among university students. *Kajian Malaysia, International Journal of Contemporary Applied Sciences*, 33(1), 155-172.
- Nhuta, M., & Kapofu, S. (2015). Evaluation of strategic entrepreneurship approaches for sustainable growth in the commercial banking sector in Zimbabwe. *International Journal of Contemporary Applied Sciences*, 2(2), 57-83
- Nhuta, M., & Kapofu, S. (2015). Evaluation of strategic entrepreneurship approaches for sustainable growth in the commercial banking sector in Zimbabwe. *International Journal of Contemporary Applied Sciences*, 2(2), 57-83
- Panagiotou, G. (2006). The impact of managerial cognitions on the structure conduct performance (SCP) paradigm, *Management Decision*, 44(3), 423–441
- Powell, T. C. (2001). Competitive advantage: Logical and philosophical considerations. *Strategic management Journal*, 22(9), 875–888.
- Priem, R. L., & Butler, J. E. (2001). Is the resource-based View a useful perspective for strategic management research? *The Academy of Management Review*, 26(1), 22.
- Rouse, M. J., & Daellenbach, U. S. (2002). More thinking on research methods for the resource-based perspective, *Strategic Management Journal*, 23(10), 963–967.
- Santos, J. B., & Brito, L. A. (2012). Towards a subjective measurement model for Firm performance, *Brazilian Administration Review*, 9, 95-117.
- Scarborough, N. (2012). *Effective small business management: An entrepreneurial approach*. Massachusetts, Pearson Education Ltd.
- Shynet, J. (2014). Entrepreneurship culture among SMEs in Zimbabwe: A case of Bulawayo SMEs. *International Journal of Economics, Commerce and Management*, 2, 39-45.
- Subhan, M., Hussain, F., Isa, A., Shukri, S. H. A. (2017). Financial services, non-financial services and entrepreneurial business performance: A study of Mara-SPIM Loan scheme, *International Journal of Economics and Management*, 11 (52), 553-572.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management, *Strategic Management Journal*, 18(7), 509–533.
- Yitshaki, R. & Kropp, F. (2015). Motivations and Opportunity Recognition of Social Entrepreneurs, *Journal of Small Business Management*, 54(2), 546–565.
- Zouhayer, M. (2013). Entrepreneurial culture, profile of the leader and entrepreneurial orientation: empirical application in the case of the Tunisian companies, *Management Strategies Journal*, 22(4), 18-25.