

Entrepreneurial Spirit and Corporate Adaptability of Small and Medium Enterprises in Rivers State, Nigeria

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Abstract: *The aim of this study is to discover the empirical relationship between entrepreneurial spirit and corporate adaptability of small and medium enterprises in Rivers State, Nigeria. As per the Nigerian Directory (2020), Port Harcourt has a total of 1016 registered small and medium-sized businesses. Our accessible demographic is the one thousand and sixteen (1016) registered small and medium-sized business owners, directors, managers, account managers, etc. For the purposes of this investigation, 287 is the sample size. Both probability and non-probability sampling techniques were used in this investigation. With each company having an equal chance of being selected, two hundred and eighty-seven (287) SMEs were selected without bias using basic random sampling procedures out of a possible one thousand and sixteen (1016). Two (2) copies of the questionnaires, completed by general managers, account/finance officers, and other staff members, were given to each of the 287 respondents, for a total of 574 respondents. Both tabular and graphical presentations of the quantitative data were produced after it had been analyzed using both descriptive and inferential statistics. We employed the Spearman Rank correlation coefficient to examine the proposed hypotheses. These analyses were conducted using the statistical product and service solutions (SPSS) programme. The Cronbach Alpha test was used to assess reliability, with a 0.7 threshold. The results generated via all the hypotheses, it showed that there exist a significant and positive correlation between the variables under study since their correlations from the SPSS table were *0.908, *0.814, *0.888, *0.910. From the result, it was apparent that all the dimensions of entrepreneurial spirit had positive correlation with corporate adaptability of small and medium scale enterprises in Port Harcourt. The study therefore suggested that entrepreneurs in Port Harcourt should try to be able to resist social pressure as this will help them focus on building the organization.*

Keywords: *Adaptive Capacity, Robustness, Stability, Creative, Innovation*

Introduction

In recent times, Nigeria's business environment has not progressed at all, which has resulted in a slow rate of growth, an increasing unemployment rate, low industrial output, and a low demand for tangible goods and services. The modern corporate and industrial landscape is more intricate and dynamic than it has ever been. Numerous multinational businesses are thought to be the main forces behind the global market, but studies show that the activities and expanding number of small and medium-sized enterprises (SMEs) have greatly benefited national economies. The traits and attributes of SMEs that have been identified provide more information about potential obstacles to their expansion, globalization, and competitiveness. However, when properly managed or coordinated, their sizes are thought to give benefits including robustness and flexibility (Adamu, 2014; Semrau, Ambos & Kraus, 2016).

However, adaptability is a component of resilience that represents learning, the ability to try new things and adjust to them, as well as the creation of generalized solutions to a wide range of problems (Walter, et al., 2006). Since they are aware of the

connections between an organization's resilience and long-term success, Dalziell and Mc Manus (2004) define adaptability as the involvement and engagement of organizational staff in order to make them responsible, accountable, and focused on building the organization's resilience through their work. The ability of the system to adapt to changes in its external environment and recover from internal structural damage is what determines whether or not it can fulfill its intended function. The ability of an organization to adapt becomes especially important as people and organizations react to change. Through producing human and social capital, encouraging innovation and productivity, and generating opportunities, individual actors and firms play critical roles in economic and social growth (Burriard & Bhamra, 2011).

Obviously, the observable issues of adaptation among SMEs in Port Harcourt can be tackled via entrepreneurial spirit. Every corporate and individual entrepreneur should possess an entrepreneurial spirit since it encompasses invention, creativity, leadership, teamwork, communication skills, and the ability to effect change. It may be argued that in order to make his business competitive, a manager must possess the same entrepreneurial spirit as an entrepreneur. Entrepreneurs' spirits have a beneficial effect on their internal or outward side, according to Wirawan (2012). It becomes more intriguing because the company may be able to compete fiercely and the entrepreneurial spirit may strengthen the benefits of their collaboration at work. For any business actor looking to establish and manage a firm, having an entrepreneurial spirit is essential to their ability to thrive and gain a competitive edge. According to Sobari and Ambarwati (2020), certain traits of an entrepreneurial spirit are as follows: 1) Confidence; 2) Optimism; 3) Have a leadership spirit; 4) Like difficulties; 5) Responsible; 6) Discipline; and 7) Creative and Innovative. Scholars such as Sobari & Ambarwati, 2020; Sofyan, 2019; Widodo et al., 2020; Bimaruci et al., 2020) have all conducted extensive research on the entrepreneurial spirit. Despite these studies, none has actually discussed the relationship between entrepreneurial spirit and corporate adaptability of small and medium enterprises. Therefore, this study seeks to fill that gap in literature by looking at the relationship between entrepreneurial spirit and corporate adaptability of small and medium enterprises in Rivers State, Nigeria.

Statement of the Problem

It is impossible to overstate the importance of small and medium-sized businesses (SMEs) to the economic growth and nation-building of a country. This is due to the fact that it forms the cornerstone of long-term, sustainable economic growth by giving young people opportunity, jobs, and the freedom to innovate, adapt, and leverage global technological advancements. Globalization has made managing SMEs in Port Harcourt more challenging, nevertheless, because of the fierce competition and the dynamic business climate brought on by frequent changes in both the economy and policy. Thus, in order for SMEs to be able to continue operating, they must figure out how to improve their capacity for innovation through the creation of plans and competence enhancement. Notwithstanding these findings, small and medium-sized enterprises (SMEs) in Nigeria continue to face difficulties, with numerous ones failing due to their incapacity to adjust to the evolving business landscape. Therefore, by examining the connection between entrepreneurial spirit and corporate adaptability of small and medium-sized businesses in Rivers State, Nigeria, this study aims to close that gap in literature.

Aim and Objectives of the Study

The aim of this study is to discover the empirical relationship between entrepreneurial spirit and corporate adaptability of small and medium enterprises in Rivers State, Nigeria. The specific objectives are to;

- i. Ascertain the relationship between stability and corporate adaptability of small and medium enterprises in Rivers State, Nigeria.
- ii. Discover the relationship between creative and innovation and corporate adaptability of small and medium enterprises in Rivers State, Nigeria.

Research hypothesis

H₀₁: There is no significant relationship between stability and corporate adaptability of small and medium enterprises in Rivers State, Nigeria.

H₀₂: There is no significant relationship between creative and innovation and corporate adaptability of small and medium enterprises in Rivers State, Nigeria.

Review of Related Literature

Theoretical Review: Opportunity-based theory provides a strong theoretical foundation for research on entrepreneurship and can be traced to differences in consumer preferences and/or tastes that are related to cultural, socioeconomic, and technological factors (Drucker, 1985). It highlights opportunities and notes that business managers often look for these changes and adjust their strategies to the business organization's advantage. It was acknowledged that searching for opportunities that one perceives forms the foundation of entrepreneurial management (Drucker, 1985). This indicates that some chances are easily accessible to businesses because specific behaviours and actions of people employed by or within organizations promote profitable, risk-taking ventures that are beneficial to entrepreneurship. However, opportunity-based approach ignores risks in the business environment and focuses only on opportunities (Drucker, 1985).

Entrepreneurial Spirit

An autonomous spirit that finds a way to make money by starting a business and directing ideas and thoughts towards it is known as an entrepreneurial spirit. A person with an entrepreneurial spirit is one who has the guts to start a firm on their own initiative, using their imagination and inner drive. An entrepreneurial spirit is an essential prerequisite for any individual in business who plans to launch and manage a business in order to get a competitive edge and thrive. The following traits are indicative of an entrepreneurial spirit: 1) self-assurance; 2) optimism; 3) leadership; 4) enjoyment of difficulties; 5) accountability; 6) self-control; and 7) inventiveness and creativity (Sobari & Ambarwati, 2020). According to Welpé (2015), desirability, stability, and feasibility are the three key components of an entrepreneurial spirit. These components include all available resources, including financial resources, production means, and non-material resources like specialised knowledge, skills, aptitudes, and attitudes that can be linked to the entrepreneur, as well as personal resources like self-awareness and self-efficacy, motivation, and perseverance. This is due to the fact that this personality trait suggests that people with an external locus of control, achievement, motivation, inventiveness, initiative, self-efficacy and reliance, and conscientiousness are thought to possess a strong entrepreneurial spirit, which is demonstrated by their behaviours or other personal traits that have a positive impact on the decisions they make (Welpé, 2015).

Stability: Due to the continuous increase in the numerical strength of environmental factors like changes in technology (technological advancement or obsolescence), government regulations (and policies), and/or environmental volatility and instability, etc., the ability to resist social pressure is somewhat compelling. As each entrepreneur has a unique set of values, stability is a key factor in fostering an entrepreneurial spirit.

Holland and Shepherd (2013) have noted that values are what define an entrepreneur, and that an individual's behaviour and actions are primarily guided by these values. This emphasizes that the specific information, abilities, aptitudes, and attitudes that may be linked to a personality, along with broader motivational traits like tenacity, persistence, and doggedness, are what create the stability to withstand societal pressure over time. Stability in the context of the entrepreneurial spirit refers to strength and firmness as well as the capacity to resist social pressure by, in effect, refusing to let any behaviour or social occasion such as the presence of family or friends—dissuade one from starting a business on their own or in collaboration with others (Welppe, 2015).

Creative and Innovation: According to Nasution et al. (2011), innovation is a key factor in the growth of micro and small businesses into larger corporations. A management of a company cannot be considered an entrepreneur if he avoids taking any chances and just copies rivals' evolving product lines and technological advancements. Innovativeness refers to the creative business strategies that upper management employs within the organization to expand its customer base. It is the foundation of ES; all other traits are built upon it, and their continued propensity for adventure and initiative comes from their inventiveness. James Dyson was used as an example by Toma et al. (2017) to perform quantitative research, and the findings highlight the value of innovation in fostering entrepreneurship. By examining the data of 153 recently founded companies, Shan et al. (2016) discovered that greater innovation pace will result in higher business performance. Businesses can only consistently launch new products in a dynamic business climate if they can better meet customer demand, adjust to changes in technology and the market, and gain a competitive edge over rivals. Business performance rises in direct proportion to entrepreneurs' investment in innovation (Covin, 2015).

Corporate Adaptability

Organizations must possess adaptability in order to successfully handle external shocks. Within the social sciences, adaptability is still a relatively new term with no consensus definition (Simmie & Martin, 2010). The ability of an organization to adapt becomes especially important as people and organizations react to change. Through producing human and social capital, encouraging innovation and productivity, and generating opportunities, individual actors and firms play critical roles in economic and social growth (Burriard & Bhamra, 2011). Organizations are only as flexible as their capacity to endure different kinds of shocks, since they are always trying to stay relevant and competitive in unreliable contexts. In terms of people, adaptability includes traits like optimism, persistence, flexibility, and high motivation.

According to Devries and Shields (2005), adaptability is crucial for the successful continuation of a commercial initiative in the context of entrepreneurship. Vulnerability and adaptive capability are two important aspects of organizational resilience in this study. It is important to manage risks holistically, which emphasizes the requirement for awareness, when considering resilience as a process as opposed to a piecemeal approach (Dalziell & Mcmanus, 2004). According to Starr et al. (2004), adaptive capacity is the ability of an organization to modify its operations, management systems, governance structures, strategies, and decision-making processes in order to resist shocks and disruptions. It entails responding to disruptions and adjusting to changes, as well as understanding how different factors, such managerial skills and employee psychological stress reduction, are interrelated (Smit & Wandel, 2006).

Adaptive Capacity: According to Dalziell and Mc Manus (2004), adaptability is the ability of organizational personnel to become involved and engaged in their work in a

way that makes them accountable, responsible, and focused on building the organization's resilience because they recognize the connections between the organization's resilience and its long-term success. The system's capacity to adapt to changes in its external environment and recover from internal structural damage is what determines how well it can carry out its intended function. Resilience has an advantage over standard crisis plans in that it encourages change in the direction of progress. It provides fresh approaches to problem-solving, new frameworks for operating, and new directions, whereas conventional plans aim to get back to the regular job before a crisis arises. According to Koronis and Ponis (2018), decision-making and resilience go hand in hand because having the flexibility to work demands capable, knowledgeable, and equipped individuals who can interact and make judgments in a timely, effective, and efficient manner.

Robustness: Robustness is the capacity to remain stable in the face of uncertainty and to tolerate or survive external shocks (Bankes 2010). More precisely, according to Jen (2003), robustness is the capacity of a system to tolerate structural perturbations without experiencing a change in its functionality. Robustness is always linked to a complex system's capacity to continue operating in the face of shocks or disruptions (Mens et al. 2011). Most robustness applications across fields have this emphasis on systemic functioning and shock resistance. Thus, robustness has come to be recognized as a quality that can guarantee long-term efficacy in a given system, institutional setup, or area of policy. According to these characterizations, robustness has strong connotations of adaptive efficiency and can be understood as synonymous with stability or even as an echo of the process of institutionalization, which is the process by which policies and institutions endure over time as a result of institutional or organizational adaptation and evolution (Smit & Wandel 2006).

Empirical Review

Buradum, Sam, and Brownson, (2018) discovered impact of entrepreneurial spirit on resilience of small and medium size agribusinesses in Nigeria. After being randomly chosen, 52 small- and medium-sized agricultural operators in Rivers State who were registered with the ministry of commerce and industry were reviewed, and copies of the study instrument were distributed as a result. Nevertheless, only 43 copies of the study instruments—or an 82% response rate—were located and examined. With the help of SPSS Version 21, six null testable hypotheses were developed and tested using the Product Moment Correlation Coefficient. It has been observed that small and medium-sized agribusiness resilience may be improved by an entrepreneurial attitude. Among other suggestions, we maintain the belief that owners of small and medium-sized farms may prosper in difficult environments by adjusting, adapting, and surviving as long as they firmly adhere to the principles of entrepreneurship and resilience.

Genoveva, and Tanardi, (2020) Studied entrepreneurial spirit of the entrepreneurs and non-entrepreneurs millennial. As all of the respondents to this survey were former students of President University, they were required to take the entrepreneurship course during their time there. An online survey employing a Google form was used to gather data from respondents. Utilizing SPSS version 22, the data was validated up to 170 times. According to the study's findings, there are distinctions between millennial who are not entrepreneurs and those who are. Millennial who are either entrepreneurs or are not show a high and positive association between their performance and their passion, innovation, adaptability, sustainability, and competitiveness. In comparison to millennial who are entrepreneurs, millennial who are not entrepreneurs have a higher mean, according to descriptive analysis.

Othman, Hamzah, Zahari, and Amri, (2015) investigated the influence of entrepreneurship education and experience on students' entrepreneurship spirit: The moderating effects of internal locus of control. The investigation, which included 200 samples, showed that the key factors predicting entrepreneurship spirit are one's current and future participation in entrepreneurial activity. In contrast to those with low levels of internal locus of control, individuals with high levels of internal locus of control find that entrepreneurship education and present participation in entrepreneurial activities considerably increase their level of entrepreneurship spirit. In-depth discussion of the findings' implications is provided in the study.

Methodology

Small and medium-sized businesses in Port Harcourt were the study's primary focus. As per the Nigerian Directory (2020), Port Harcourt has a total of 1016 registered small and medium-sized businesses. Our accessible demographic is the one thousand and sixteen (1016) registered small and medium-sized business owners, directors, managers, account managers, etc. For the purposes of this investigation, 287 is the sample size. Both probability and non-probability sampling techniques were used in this investigation. With each company having an equal chance of being selected, two hundred and eighty-seven (287) SMEs were selected without bias using basic random sampling procedures out of a possible one thousand and sixteen (1016). Two (2) copies of the questionnaires, completed by general managers, account/finance officers, and other staff members, were given to each of the 287 respondents, for a total of 574 respondents. Conveniently, these chosen responders are drawn. Convenient sample approaches were used in this study to choose respondents who were well-versed in the concepts of commitment and willingness.

Both tabular and graphical presentations of the quantitative data were produced after it had been analysed using both descriptive and inferential statistics. Experts in the field of study were consulted in order to verify the validity of the research instrument. The Cronbach Alpha test was used to assess reliability, with a 0.7 threshold. We employed the Spearman Rank correlation coefficient to examine the proposed hypotheses. Bivariate analyses using Spearman Rank Correlation Coefficient.

H₀₁: There is no significant relationship between stability and corporate adaptability of small and medium enterprises in Rivers State, Nigeria.

H₀₂: There is no significant relationship between creative and innovation and corporate adaptability of small and medium enterprises in Rivers State, Nigeria.

Results

Table 1: Stability and corporate adaptability

| | | Stability | Corporate Adaptability |
|----------------|------------------------|-------------------------|------------------------|
| Spearman's rho | Stability | Correlation Coefficient | 1.000 |
| | | Sig. (2-tailed) | .908** |
| | | N | .000 |
| | Corporate Adaptability | Correlation Coefficient | .908** |
| | | Sig. (2-tailed) | .000 |
| | | N | 466 |

Source: Field Survey Data, 2024, SPSS (Output)

Table 1 above revealed the significant nexus between stability and measures of corporate adaptability (corporate adaptability). The results further showed that P-value < 0.05, significantly relate towards corporate adaptability of small and medium scale enterprises in Port Harcourt. From the output, it showed that stability has a significant and positive relationship with corporate adaptability at a rho = 0.908 and a P-value = 0.000. The H_{01} was rejected and alternate accepted.

Table 2: Creative and Innovation and Corporate Adaptability

| | | Creative and Innovation | Corporate Adaptability |
|----------------|-------------------------|-------------------------|------------------------|
| Spearman's rho | Creative and Innovation | Correlation Coefficient | 1.000 |
| | | Sig. (2-tailed) | .000 |
| | | N | 466 |
| | Corporate Adaptability | Correlation Coefficient | .888** |
| | | Sig. (2-tailed) | .000 |
| | | N | 466 |

Source: Field Survey Data, 2024, SPSS (Output)

Table 2 above revealed the significant association between creative and innovation and corporate adaptability. The results further showed that creativity and innovation help boost corporate adaptability with a P-value < 0.05, significantly relate towards corporate adaptability of small and medium scale enterprises in Port Harcourt.

Discussion of Findings

The results generated via all the hypotheses, it showed that there exist a significant and positive correlation between the variables under study since their correlations from the SPSS table. From the result, it was apparent that all the dimensions of entrepreneurial spirit had positive correlation with corporate adaptability of small and medium scale enterprises in Port Harcourt. The first hypothesis indicated that stability has a positive linear notable correlation with corporate adaptability based on the P-value less than 0.05 (P-value = 0.000 < 0.05) which implies that both variables have direct positive relationship which moves in the same positive direction. The second hypothesis showed that creative & innovation has a positive linear notable correlation with corporate adaptability based on the P-value less than 0.05 (P-value = 0.000 < 0.05) which implies that both variables have direct positive relationship which moves in the same positive direction. Similarly, the positive correlation is attuned with the findings of previous studies like Buradum, Sam, and Brownson, (2018); Genoveva, and Tanardi, (2020); Othman, Hamzah, Zahari, and Amri, (2015).

Conclusion and Recommendations

Corporate adaptability of firms is critical in boosting the firm's continuity and general success and wellbeing of the organization. Corporate adaptability can be enhanced through proper and effective creative and innovation mindset. Increasing creative and innovation idea, organization will stand a better chance of boosting the adaptive capacity of the organization. on the other hand, stability as a dimension of entrepreneurial spirit is imperative in boosting the level of corporate adaptability of the firm. This suggest that firms with high stability level are more likely to have a high level of Corporate adaptability. In conclusion, entrepreneurial spirit in the areas of stability and creative & innovation are crucial to the corporate adaptability of small and medium

scale enterprises in Port Harcourt. Therefore, in accordance with the finding and conclusion, the following suggestions are made:

- i. Entrepreneurs in Port Harcourt should try to be able to resist social pressure as this will help them focus on building the organization.
- ii. A management or an entrepreneur should avoid taking any chances and just copying rivals evolving product lines and technological advancements. They should be innovative as this will build their entrepreneurial spirit.

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