

Entrepreneurial Orientation and Performance of Agro Processing Firms in Nigeria: Moderating Effect of Environmental Dynamism and Organizational Structure

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Abstract

This study examines the moderating effect that environmental dynamism and organizational structure have on entrepreneurial orientation and performance of agro-processing firms in Nigeria. Survey design was adopted and data was collected through structured self-administered questionnaire designed on 5-point Likert scale. The main source of data was primary and the target population consisted of management staff of selected firms in the south eastern states of Nigeria. A sample size of 384 was drawn from the study population of 5761 using Krejcie & Morgan approach. The single hypothesis formulated was tested with linear regression analysis at 0.05 level of significant. Based on the analyzed data, the study found that there is a positive significant effect of environmental dynamism and organizational structure on performance of agro-processing firms in Nigeria. It is advised that agro-processing firms in Nigeria need to understand the dynamism in the market and they must develop strategies to mitigate its effects. The study further recommended that there is a need for entrepreneurs to design the organization in such a manner that it will reflect the complexities of the environment; this entails proper alignment of the structure, strategy, culture, leadership and right skills so as to enhance performance.

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INTRODUCTION

In modern economies, entrepreneurship is the driving force of economic growth under a capitalist oriented economy. Indeed there can be no capitalist development without entrepreneurship class (Kpelai, 2009). Entrepreneurship is seen as a key component that drives any economy, it does not only provide jobs, and it improves the standard of living of a country and its Gross Domestic Product (GDP) and is

carried out in all sectors of the economy in which agriculture is a critical part of it (Ottih, 2014; DeepaBaba & Manalili, 2016). Agriculture plays a vital role in the economy in fact, most developing countries such as Nigeria; agricultural businesses have remained a major player in the economy employing over 70% of the population (Pawa, 2013).

In the 1960s, Nigeria's agricultural sector was indeed a sector to reckon with in its commitment to local population, export trade and job creation.

Nearly 50 years later, the segment still has not achieved the desired economic growth in terms of Gross Domestic Product (Mayong, Ikpi, Olayemi., Yusuf, Omonona, Okoruwa, & Idachaba, 2005). The concentration on crude oil has led to a massive decline in agricultural production thus affecting the productivity, sales, market share and even profitability for indigenous agro-allied entrepreneurs (Ufiobor, 2017). Prominent among the challenges in the nation's agricultural sector include: corruption, negligence, and inconsistent government policies, which have resulted in Nigeria losing her position as the prominent exporter of cocoa, groundnuts (peanuts), rubber and palm oil. Cocoa production has significantly diminished from around 300,000 tons per annum to 180,000 tons. Nigeria, once the leading producer of poultry in Africa with an output of 40 million birds per annum has dropped to about 18 million birds per annum (NEPC Report, 2011). The national budget gives little attention to the development of this sector (Olomola, 2007), this is evident by the fact that crude oil accounts for about 95 per cent of the nation's foreign exchange, while agriculture rakes in less than 5 per cent. In the North Central Nigeria, the situation is deepened with the high level of insecurity as a result of farmer- herder clashes destroying both lives and business activities in the region. The illiteracy rate in the region is high as well as cultural lag has greatly affected the level of entrepreneurial orientation towards the performance of agro processing firms (Kpelai, 2009). Nevertheless, Nigeria is still seen as a country with great agricultural potential. Olomola (2007) posits that agricultural business is still an important piece of the Nigerian economy; it records for more than 24.8 per cent of gross domestic product. Agriculture employs about 70 per cent of the country's workforce and 42 per cent of the country's Gross Domestic Product and is accounted for 88 percent for each of non-oil profit in 2015 (CBN, 2016).

Entrepreneurial orientation stresses the key role of top managers or executives in the decision making process, which literally stems from the entrepreneurship concept (Jinkun & Gong, 2016). Otieno, Bwua & Kihhorro (2012) note that given the large number of micro small and medium enterprises and new ventures now going regional to exploit profits, some attention needs to be given

to entrepreneurial orientation by researchers. The concept of organizational performance is crucial in the management of both private and public organizations likewise in the field of organizational research. There has been greater concern for efficiency, productivity, excellence and total quality over the last decade which is increasing in Western organizations (Lewin & Minton, 1986). These concerns are often triggered by perception of threat to the existence of organization as well as the ever greater international competition for market share and resources (Maltz & Shenhar, 2003). The concept of performance is often restricted to financial indices such as return on investment, sales, and profits per share (Morin, 1989). However there are several other indices of performance among them are people who work for it (employees), the processes through which objectives are achieved (productivity) as well as the organizational performance assessment. Etzioni (1960) believe that continuous assessment of organization have been carried out relative to the achievement or non- achievement of set objectives and goals. Most scholars argue that the ultimate criterion of organizational performance is its growth and long term survival.

In modern economies, entrepreneurial orientation is the driving force of economic growth under a capitalized oriented economy. Entrepreneurship is seen as a key component that drives any economy; it does not only provide jobs but improves the standard of living of a country and its Gross Domestic Product (GDP) well as its Gross National Product (GNP). Entrepreneurial orientation has contributed immensely to the growth of countries like Singapore, Thailand, China and Japan. Singapore and Thailand, for instance, have been making giant strides in agro processing firms because of its intense level of entrepreneurial orientation; Thailand specifically has made tremendous achievements making it one of the largest exporters of rice, thus there can be no capitalized development without an entrepreneurship class. In the United States and across the globe, these entrepreneurs are reshaping the business environment by creating a world in which companies compete effectively thus playing important role in the vitality of global economy, these businesses not only innovate new products or services but push back technological frontiers,

springing up new jobs and opening of foreign markets.

The North central region of Nigeria is as an agrarian region comprising of Enugu, Anambra, Ebonyi, Abia and Imo States. The major crops produced within the region are yam, rice, cassava, soya-beans, fruits and vegetables. Despite the potential of the region in feeding the country and indeed in processing the crops for exports, the performance of agro-processing firms leaves much to be desired. The most evident challenge faced by agro-processing firms is the huge loss of post-harvest, low capacity, lack of technology to process for export, which has contributed to low performance and collapse of some agro-processing firms within the region. According to the Center for Food Technology and Research, Benue State University 2017 report, over 50% of the food produce in the region is lost due to poor processing and storage facilities. International donor agencies like International Fund for Agricultural Development (IFAD) and Fadama have sponsored some projects in areas of rice processing, soya beans processing and cassava processing to promote entrepreneurship development in agriculture but have not yielded the desired performance.

Indeed, the inability to be creative, the unwillingness to assume risk and be proactive will ultimately result to low productivity, profitability, and sales volume and even threaten the market share of already existing firms thus increasing the unemployment rate, poverty index within the region as well as shortage of food. The question is: Is the level of entrepreneurship in agriculture because of lack of innovation by participants? Are entrepreneurs afraid of taking business risks? To this end, the study investigated entrepreneurial orientation and performance of agro processing firms in the south east Region of Nigeria: the moderating effect of environmental and organizational structure.

LITERATURE REVIEW

The Concept of Entrepreneurial Orientation (EO)

Entrepreneurship Orientation (EO) has become the key component in the domain of entrepreneurship. It is not surprising that much of the theoretical and empirical works are tailored to

this regard (Covin, Green & Slevin, 2006). Entrepreneurship Orientation is a concept that provides prior knowledge and information about innovativeness, associated risk as well as proactiveness. In a more specific term, entrepreneurial orientation is defined as strategic decisions taken in the course of a new venture. Zahra, Can & Karaboga (2015) opine that the function of the entrepreneur is to reform the pattern of products by exploiting an inventing possibly for producing a new commodity or opening up a new source of supply of materials or new products by reorganizing an industry in other words, it focused on the innovative aspect of entrepreneurship orientation. Furthermore, Lumpkin & Dess (1996) define entrepreneurship orientation as the process, practices and decision making activities that lead to new entry. Entrepreneurship orientation on performance is influenced by firm's size, natural culture, access to financial resources (Wiklund & Shepherd, 2005) network capability (Walter, Auer & Ritter, 2005) and strategic process.

Wang (2008) adds a new variable called learning orientation and stresses its importance. Wang believes that it is through learning that firms gain sufficient knowledge that leads to innovativeness and the ability to better handle risk. To be proactive, the entrepreneur also needs to learn the environment, most importantly the external environment so as to be in congruent with the internal environment. EO could also be viewed as a totality of policies and practices that seek to provide a base for entrepreneurial decisions and actions. Therefore, it is right to point out that EO is a strategy making process that provides a platform for key decision makers to use in enacting their firm's organizational purpose, sustain vision and create competitive advantage.

Research studies, examining entrepreneurial organization identify several features that distinguish these organizations from others (Mintzberg, 1973). The research study was later summarized by Miller & Friesen (1982) where they provided a detailed comparison between conservative firm and entrepreneurial firms. In entrepreneurial firms, several characteristics such as greater level of differentiation within the firm, a dynamic external environment, a heterogeneity

(Miles & Snow, 1978; Miller & Friesen, 1982) technology and a higher level of consciousness of organizational strategy (Mintzberg, 1973) whereas, conservative firms were observed to have lower level of differentiation, a lower consciousness of organizational strategy and a homogenous market focus (Miller & Friesen, 1982). The importance of entrepreneurship orientation has been identified by scholars, little wonder the continuous increase in streams of literature tailored towards the concept of entrepreneurship orientation (Covin, Green & Slevin, 2006; Filser & Egger, 2014). Scholars have described the term EO differently: entrepreneurship orientation has been used to describe the set of personal psychological traits, values, attributes, and attitudes strongly associated with a motivation to engage in entrepreneurial activities.

The Moderating Role of Environmental Dynamism and Organization Structure

The environment of business consists of all the external forces that lie outside the organization which the organization has little or no control of but has the potential of affecting the smooth running of the organization (Ezigbo, 2011). The environment plays a vital role as a contingent factor because of the opportunities and threats it presents. The ability for managers to critically understand the environment enables them to harness opportunities effectively and counteract the threat it poses to the environment. The environments consist of micro and macro environment. The macro environment or general environment consists of the political, legal, economic, technological factors while the micro factors in the environment constitute the immediate environment such as competitors, employees, customers and suppliers. For example, change in environmental laws can affect the cost of doing business; it may require that firms adhere to strict laws or even relocate their production facility to countries where such laws are lax. In some instances, government policies such as tax holiday could serve as an opportunity for businesses (Ezigbo, 2011).

Studies have suggested the continuous examination of environmental variables as moderating the EO and performance relationship. Covin, Green & Slevin (2006) aver that there are

three dimension of environmental conditions; there are Munificent, Dynamic and hostile environment. The three variables have the potential of influencing EO as regards to its relationship with performance but the present study choose environmental dynamism as a moderator because the region in which the study was conducted is highly characterized by uncertainties.

Environmental Dynamism

Environmental dynamism can be described as the degree of unpredictability of changes in a firm's external environment (Dess & Beard, 1984). Miliken (1987) considers environmental dynamism as the rate of speed in terms of changes in product, frequent changes in customer's preference and the operative environment. It could also be referred to as the rate of change as well as the instability of the environment (Dess & Beard, 1984). Dynamism can be defined as more events per unit time. An environment is said to be dynamic if it is characterized by changes in various market elements such as customer preference, technology and competitive structure. Zahra & Covin (1995) assert that business firms that operate under a turbulent environment need to perpetually renew products/services so as to curtail to environmental changes. These businesses will be able to satisfy customers needs and in an effective and timely manner. Studies have shown that environmental dynamism is characterized by frequent changing dynamic environment and crisis states, uncertainty and optimism all of which have the ability to change the position of an organization in the market competition.

Two factors explain the dynamism of the environment; the simple-complex and a static-dynamic environment are used to sufficiently explain the dynamism of the environment (Zahra & Covin, 2005) and its role in EO and performance. Johnson and Scholes (1988) assert that stable environment is one that is characterized with steady changes within the environment while a dynamic environment is one that is characterized by frequent or turbulent changes in the environment. Environment which is essentially simple, organizations position themselves to efficient operations because they are not faced with higher levels of change while organizations

in complex but stable environment tend to be more decentralized at least for operational purposes. In a simple but dynamic environment, the methods of operation are relatively easy but with frequent changes in the environment. Miller & Frieson (1983) define dynamism as the degree of changes and innovation in an industry as well as uncertainty or unpredictability of the activities of customer. Organizations that operate in a dynamic environment often adapt flexible operating system and a decentralized level of decision making so as to respond quickly to environmental demands and to ensure organizational survival (Mthanti, 2012).

Organizational Structure

Mintzberg (1979) assert the organizational structure defines how individuals are assign to their jobs and coordinated. Greenberg (2011) posits that the organizational structures are formal configuration between individuals and groups as it relates to responsibilities allocation of task and authority in the organization. However, Damanarpour (1991) aver that organizational structure includes the nature of formalization, layers of hierarchy, level of horizontal integration, centralization of authority and patterns of communication.

Strategies are implemented through deliberate creation of organizational structures. It is imperative that management of organizations make the design of organizational structure a priority (Hill & Jones, 2008). For organizations to achieve the sole aim of creating value through its activities, some form of structure has to exist which is designed to assign people to task and connect the activities of different people or functions. Iorsch in Huczynski & Buchanan (2013) defines organizational structure as a management formal and explicit effort to assign to organizational members what is expected of them. Fox in Huczynski & Buchanan (2013) argues that human beings in an organization must consider structural factors (Fox, 1966). It therefore means that the structure of an organization to a large extent explains the behavior of individuals in an organization; therefore personal characteristics or traits such as attitude, perception, and personality can be shaped through the structure of the organization. Fox (1966) opines that such explanations were highly appealing to common

sense this is because this variable is visible while the effects of structure were generally hidden. Corporate structure specifies the goals that a company intends to achieve while organizational structure serves as a means through which those specified goals are achieved. Child (2005) posits that a bad structure has the potential of hindering the organization from achieving its set objectives. Thus the role of organizational structure is to serve as a channel through which managers can coordinate the activities of various functions or divisions to achieve its desired goals.

One of the crucial factors that facilitate the entrepreneurial orientation in an organization is the ability for the organization to have a suitable organizational structure that is appropriate to the goals of that organization. Thus any organization that intends to carry out entrepreneurial orientation must adopt a flexible entrepreneurial structure. The suitable condition for entrepreneurial activities cannot be created without the necessary backings, therefore organizational structure has to make grounds for the appearance of such backings. The identification of such an entrepreneurial space and reinforces the flows of creativity and innovation in the organization.

Performance of Agro Processing Firms

The concept of organizational performance is domicile on the idea that organizations are voluntary association of productive asset encompassing human, physical and capital resources for the purpose of achieving a shared purpose (Barney, 2002). Performance is centered on value creation; it therefore means that stakeholders will continue to channel relevant result that will enhance performance so that value is added. Performance is defined as the extent to which a company as a social system with available resources is able to achieve its goals without being obliged to incapacitation of its resources and means or putting excessive strain on its employees (Jenatabadi, 2015). The concept of organizational performance in terms cost, careful and explicit manner in comparism with other researchers.

Lupton (1977) asserts that in an effective organization, the productivity rate and levels of satisfaction and employee motivation are higher

while rates of turnover, cost of labor and unrest are lower or absent. Jenatabadi (2015) defines performance as the extent to which an organization as a social system could consider both its means and ends. The above definition is consistent with Georgopoulos & Tannenbam (1957). Similarly, organizational performance is a concept of success or effectiveness of organization and also an indication that organization is performing effectively to achieve its objectives. Without a good means of measuring performance, management can hardly exist.

The performance of agro based enterprise can be viewed as the ability of agro based firms to contribute to jobs as well as wealth creation through business start ups, survival and growth (Sandberg, 2003). The traditional approach to a firm performance assessment has been to emphasize profitability which is usually measured in terms of return on investment (Ambler, Kokkmaki, & Puntoni, 2004). However, Baumuul (2006) criticized the validity of this measure as the main indicators performance. There are four major ways of measuring performance, solvency, liquidity, profitability and efficiency. Profitability is crucial to enterprise this is because they provide the necessary financial market that a firm is worthy of findings through equity capital. The enterprises that earn less profits than expected encounter challenges funding investment opportunities with positive implications for growth. Most measures of performance can be grouped into one of the six general categories which include effectiveness, efficiency, quality, timeliness, productivity and health of the organization. There is no single one best approach to measuring organizational performance but there is need for a balance between qualification and relying on the numbers versus qualitative evidence.

Theoretical Framework: Frank Knight (Uncertainty Absorption)

Frank Knight (1885-1972) was an American radical economist, His famous dissertation, risk, uncertainty and profit in 1921. Knight depicts that the major function of the entrepreneur is to assume uncertainty related to economic events. Knight argued that entrepreneurs are owners of companies and hence receive profits and to earn

this profit, an entrepreneur assumes three basic responsibilities:

- i. Institutes useful changes known as innovation
- ii. Adjusts to changes emanating from the environment
- iii. And lastly bears the consequences of uncertainty for having to initiate new changes

Knight further noted that, uncertainty is created by the entrepreneur because of his desire to venture into unknown (innovation) hence, the role of the entrepreneur as that of uncertainty absorption. Knight noted that there is a distinction between risk and uncertainty, defining risk as that which is known and can be insured upon while uncertainty is the likelihood of occurrence is unknown and assignment of probability is difficult (Kpelai, 2009).

The relevance of Frank Knight (Uncertainty Absorption) is that Knight Theory of absorption of risk is in line with the risk-taking component of entrepreneurial orientation. The ability to venture into the unknown for a reward (profit) is a crucial factor for entrepreneurs to succeed. Knight's theory is based on the premise that profits arises out of the decisions that entrepreneurs make under conditions of uncertainty (Festinger & Arlsmith, 1959). Thus risk taking is a central characteristic of entrepreneurship. Knight (1921) further stated that entrepreneurship ability of an individual is defined by how well the individual is able to handle uncertainty and that the entrepreneur success is determined by it.

Risk could be that emanating from having to innovate, risk of acceptance of the innovation, the turbulent nature of environment such as disasters and market forces. These forces do not only deter entrepreneurs but rather place entrepreneurs in a position where they are better able to calculate their chances of success or failure.

METHODS

This study adopted a survey research design. The data used for this research were obtained specifically from primary source which involved using questionnaire to obtain data for research variables. The study population comprised of 5,761 processing firms in south east Nigeria. The targeted population strictly comprised of

managers/owners and senior staff of the firms. These are firms that have operated for at least two years and are registered with corporate affairs commission. A sample size of 384 was obtained using the formula given by Krejcie & Morgan (1970). The sample of 384 was selected from the population using cluster and stratified sampling technique. The information gathered from the field was given and investigated with distinct measurements. The responses opinion and hypothesis were tried with mean, standard deviation and regression analysis was used to test the formulated hypothesis. Mean scores above 2.5 were accepted while values below were rejected indicating low acceptability of the question. The instrument was validated through construct validity and an exploratory factor analysis is employed to validate the underlying constructs of entrepreneurial orientation and performance of agro- processing firms in the south east, Nigeria. Prior to performing EFA, the suitability of the data for factor analysis was assessed. The correlations between the measures indicate values above 0.3. Also, the Kaiser-Meyer-Olkin value was 0.841, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance $\chi^2 = 4181.002$, $p < 0.001$, supporting the factorability of the correlation matrix. The result of reliability test shows a overall Cronbach Alpha of 0.886, indicating high reliability of the instrument.

RESULTS AND FINDINGS

Using the sample size determination technique, the study arrived at a sample size of 384.

Table 2: Dimension of Environmental Dynamism

| Question | Mean | SD |
|---|------|-------|
| - Q1 your firm is faced with intense competition from rivals | 2.61 | 1.214 |
| -Q2 There is sufficient inputs of resources for your organization in the environment? | 2.59 | 1.208 |
| -Q2 your business is affected by technological changes in the environment | 3.58 | 1.070 |
| -Q4 Your business is affected by interest rates and exchange rates | 3.68 | 1.023 |
| -Q5 your firm is affected by natural disasters like fire, flood, and crises | 3.49 | 1.247 |
| -Q6 The industry to which your firm belongs to is highly competitive | 3.31 | 1.284 |
| -Q71Your firm has constant supplier of inputs | 2.18 | 1.092 |
| -Q7 Your business benefits from subsidies from government | 3.17 | 1.215 |
| Average | 3.91 | .542 |

Source: Field Survey, 2019.

However, the copies of questionnaire were retrieved from the respondents totaling 371. Therefore, the total response rate is approximately 96.61%. Of the 371 copies of returned questionnaire, only about 361 were retained because 10 of the returned copies of questionnaire were excluded for having missing values. This is shown in Table 1 below:

Table 1: Questionnaire Distribution and Retention

| Description | Total |
|-----------------------------------|-------|
| Questionnaire Distributed | 384 |
| Questionnaire Returned | 371 |
| Questionnaire with Missing Values | 10 |
| Questionnaire Retained | 361 |

Source: Field Survey, 2019.

Out of the agro businesses sampled, 32 (8.9%) were between the age group of 18-27 years, 87 (24.1%) between 28-37 years, 200 (55.4%) between 38-47 years and 42 (11.6%) above 48 years. This implies that the business was less attractive to the youths and elderly in the south east Nigeria. The marital status of the respondents shows that 133 (36.8%) were single, 139 (38.5%) were married, 28 (7.8%) were widows while 61 (16.9%) were widowers. This implies that the business is dominated by individuals who were married. The qualification of the respondents shows that 152 (42.1%) posses GCE/SSCE, 92 (25.5%) posses ND/NCE, 85 (23.5%) posses HND/Degree while only 32 (8.9%) posses Masters/PhD. This implies that graduates were more attracted to the business due to high level of unemployment for graduates.

With respect to the dimension of environmental dynamism, the mean for respondents response to the question on environmental dynamism was 3.91 (SD=.542) indicating that the respondents

rate high on the dimension of environmental dynamism. Specifically, the mean score for Q1 was 2.61.

Table 3: Dimension of Organizational Structure

| Question | Mean | SD |
|--|------|-------|
| - Q1 your employees free to make decisions without recourse to top management | 3.68 | 1.022 |
| -Q2 your employees have not complained of inadequate compensation | 3.81 | .984 |
| -Q3 employees in your organization strongly uphold your values and norms prevalent in the organization | 3.93 | .876 |
| -Q4 the size of your firm is a limiting factor towards attaining your desired level of performance | 4.04 | .714 |
| -Q5 your employees have the requisite skills to attain the level of performance desired | 4.13 | .727 |
| -Q6 You work with your employees to achieve the firms objectives | 3.86 | 1.090 |
| -Q7 The firm is able to withstand competition from rivals | 3.82 | .989 |
| -Q8 The firm readily obtains inputs from resources | 3.99 | .792 |
| Average | 3.74 | .615 |

Source: Author Computations (2019)

With respect to the dimension of organizational structure, the mean for respondents response to the question on organizational structure was 3.08 (SD=.598) indicating that the respondents rate high on the dimension of organizational structure. Specifically, the mean score for Q1 was 3.68

Dimension of Entrepreneurial Orientation, Performance and Moderators

With respect to entrepreneurial orientation, performance and the moderators, the mean for entrepreneurial orientation was 3.34 (SD=.347), organizational performance mean score and standard deviation was 3.56 (SD=.358), environmental dynamism mean score and standard deviation was 3.91 (SD=.542) while organizational structure mean score and standard deviation was 3.74 (SD=.615)

Table 4: Dimension of Organizational Structure

| Question | Mean | SD |
|-----------------------------|------|------|
| Entrepreneurial Orientation | 3.34 | .347 |
| Organizational Performance | 3.56 | .358 |
| Environmental dynamism | 3.91 | .542 |
| Organizational structure | 3.74 | .615 |

Source: Author Computations (2018)

The model one which indicated that environmental dynamism moderates the positive relationship between entrepreneurial orientation and performance was also significant with $F(1,359) = 449.185, p < 0.001$ as shown in Table 5. Also the model one explains 0.556 or 55.6% of the moderation between entrepreneurial orientation and performance. The model reports the following: $R = 0.746$, $R^2 = 0.556$, Adjusted $R^2 = 0.555$ as Table 5 reports.

Table 5a ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 25.588 | 1 | 25.588 | 449.185 | .000 ^b |
| | Residual | 20.450 | 359 | .057 | | |
| | Total | 46.038 | 360 | | | |

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Entrepreneurial Orientation and Environmental dynamism

Source: Author computation

Table 5b: Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .746 ^a | .556 | .555 | .239 |

a. Predictors: (Constant), Entrepreneurial Orientation and Environmental dynamism

b. Dependent Variable: Organizational Performance

Source: Authors computation

The model two which indicated that organizational structure moderates the positive relationship between entrepreneurial orientation and performance was also significant with $F(1,359) = 464.934, p < 0.001$ as shown on Table 6. Also, the model two explains 0.564 or 56.4% of the moderation between entrepreneurial orientation and performance. The model reports the following: $R = 0.751$, $R^2 = 0.564$, Adjusted $R^2 = 0.563$ as Table 6 shows.

Table 6a: ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 25.979 | 1 | 25.979 | 464.934 | .000 ^b |
| | Residual | 20.059 | 359 | .056 | | |
| | Total | 46.038 | 360 | | | |

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Entrepreneurial Orientation and Organizational structure

Source: Authors computation

Table 6b: Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .751 ^a | .564 | .563 | .236 |

a. Predictors: (Constant), Entrepreneurial Orientation and Organizational structure

b. Dependent Variable: Organizational Performance

Source: Authors computation

DISCUSSIONS

Discussion One: Environmental dynamism was hypothesized to moderate the positive relationship between entrepreneurial orientation and performance of agro processing firms.

As indicated in the result of the analysis, hypothesis one is accepted indicating that environmental dynamism moderate the positive relationship between entrepreneurial orientation and performance of agro processing firms explaining 55.6% of the variation in the performance of agro processing firms. Similar research conclusions were reported by Rosenbusah, Rauch & Bausch (2011) result suggested that environmental munificence, dynamism and complexity affects EO and in true firms performance. However, Mojtaba, Hossien & Staffen (2013) study on the role of entrepreneurial orientation on corporate performance, findings were inconsistent with result from the present

study as result indicated that all moderators were negative. Similarly, Aluisisu & Rosli (2015) study on entrepreneurial ecosystem: the role of environmental turbulence in the relationship between entrepreneurial orientation and firm performance. Result revealed that environmental turbulence may have either positive or negative implications. The implication of the study is that environmental dynamism such as frequent changes in demand, economic conditions, and availability or otherwise will affect entrepreneur's ability to be innovative, assume risk, be proactive and compete aggressively towards achieving performance in agro firms in the south east Nigeria.

Discussion Two: Organizational structure was hypothesized to moderate the positive relationship between entrepreneurial orientation and performance of agro processing firms

Based on the result of the regression analysis hypothesis two is accepted indicating that organizational structure moderates the positive relationship between entrepreneurial orientation and performance of agro processing firms explaining 56.4% of the variation in the performance of agro processing firms. This finding agrees with the reported research conclusions by Otache & Mahmood (2015) whose finding indicated a positive and significant relationship between EO and performance, findings also revealed that organizational teamwork fully moderates the relationship between EO and organizational performance. A study conducted by Real, Roldan & Leal (2012) on entrepreneurial orientation and learning orientation to business performance: analyzing the moderating role of organizational learning and moderating effect of organizational size, result indicated that organizational learning moderated the relationship between learning orientation and performance. Murtal & Mohd-Noor (2016) also share similar finding in their study on the moderating role of access to finance on the relationship between strategic orientation on small and medium scale enterprises, findings revealed that access to finance moderated the positive relationship between MO, learning organization technology and performance of SMEs. The implication of the study is that factors such as teamwork which is an aspect of organizational culture affects the degree of innovativeness, risk taking, pro activeness and competitive aggressiveness and performance of agro processing firms in the south east Nigeria.

CONCLUSION AND POLICY IMPLICATIONS

Entrepreneurial orientation has significantly affected agro processing firm's performance in south east of Nigeria. Strategies for enhancing the performance of agro processing firms through entrepreneurship orientation such as innovativeness, risk-taking, competitive aggressiveness and pro-activeness are key to attaining the desired level of performance in agro processing firms in south east Nigeria. As seen from the result, entrepreneurial orientation enhances business performance, but in most cases, the environment and organizational structure play a crucial role in enhancing or limiting the

relationship between these two variables. Thus Environmental dynamism such as dynamism, hostility and munificence as well as organizational structure such as culture, leadership and strategy then to affect the relationship between entrepreneurial orientation and performance of agro processing firms in south east of Nigeria. The following recommendations are made on the basis of study's findings: The environmental dynamism significantly moderate the relationship between entrepreneurial orientation and performance of agro processing firms in south east of Nigeria. Agro-processing firms in Nigeria need to understand the dynamism in the market and develop strategies to mitigate its effects as it has the potential of impacting the relationship between an organizations posture and its performance. Organizational structure significantly moderate the relationship between entrepreneurial orientation and performance of agro processing firms in the south east Nigeria, since organizational structure are within the control of the entrepreneurs, there is need for entrepreneurs to design the organization in such a manner that it will reflect the complexities of the environment, this entails proper alignment of the structure, strategy, culture leadership and right skills to enhance performance.

LIMITATIONS AND FUTURE RESEARCHES

The present study was carried out in the south east Nigeria, it is imperative for a study of this nature to be replicated in other geographical zones within the country to see if there are variations in the study findings, the study was also limited to firms that are into processing of only three dominate types of products produced in the south east; cassava, rice and soya beans, other aspect of agricultural business can be explored. Further studies on entrepreneurial orientation could include autonomy as a variable of entrepreneurial orientation since autonomy was not included as a variable of entrepreneurial orientation

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