

Entrepreneurial Pro-Activeness and Business Sustainability: Implications on Customers' Satisfaction

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Abstract

This study censoriously surveyed the relationship between entrepreneurial pro-activeness and customers' satisfaction of small and medium enterprises (SMEs) in Lagos State in Nigeria. To realize this objective, a total of 120 CEO'S/MD'S and heads of functional units of the selected small and medium enterprises (SMEs) in Lagos State, Nigeria, were sampled. The data was analysed using Pearson correlation analysis. The result showed that business pro-activeness has affirmative important effect on corroborating satisfaction derived by customers. Based on the result of the study, it was recommended that management should ensure always that all departments within the firm work in harmony having a proactive entrepreneurial mind-set to give the magnificence in the structure of the organization thereby enhancing their level of sustainability.

Key words: *strategy, competitiveness, business sustainability, customers satisfaction, entrepreneurship*

INTRODUCTION

The present-day business setting in the Nigerian economy is very un-settled and congested with diverse complexities ranging from hyper competition to business cycle imbalance and

unpredictability as a result of standard technological development and continuous dynamics in customer necessities. Under this type of business setting organizations are required to be superior in their performance, striving to achieve competitiveness, and differentiation from its competitors. In order to meet these requirements, successful organizations apply and practice entrepreneurial pro-activeness. Entrepreneurial pro-activeness is the process of a firm acting entrepreneurially in its approach to carrying out business activities (Fatoki, 2012). According to Setyanti, Troena, Nimran & Rahayu, (2013). Entrepreneurial pro-activeness reflects in organizational decision making and operations as portrayed in autonomous, proactive and risk-taking attitudes. In order to situate the study properly, the hypothesis below was hypothesized:

H₀: There is no significant relationship between entrepreneurial pro-activeness and customers' satisfaction.

LITERATURE REVIEW:

Pro-activeness

Leboi (2019) simply views entrepreneurial proactiveness as the alertness of an organization. Alvarez and Barney (2013) submit that entrepreneurial proactiveness is the firm's ability to predict where products or services do not exist or have become unsuspectedly valuable to customers and where new procedures of manufacturing unknown to others become feasible. Aigoje (2018) opines that entrepreneurial proactiveness is taking advantage, maximizing fresh opportunities and creating new markets or engaging in already existing ones. Dess & Lumpkin (2005) argues that entrepreneurial proactiveness involves identifying changes and having the ability to act on those ideas ahead of competitors to gain higher profit.

Pro-activeness is the pioneering behaviour for new methods and changes which respond to demands before the competitors by foreseeing needs and demands of the current environment in the future (Alegre & Chiva, 2013). Pro-activeness is a skill of the entrepreneur to deal with the unforeseen expected difficulty or about decision of their future action (Chima, 2007; Hayat & Amer, 2015). Furthermore, pro-activeness refers to the organization efforts in acquisition of new opportunities, and monitoring the trends to identify the future requirements of current customers, and recognition of changes that may lead to new projects opportunities (Chima, 2016; Olokundun et al, 2018). Proactivity does not include only the recognition of changes but also the ability to work on it and achieve the superiority over the competitors. The term proactivity defined by (Lumpkin & Dess, 2001) as acting in anticipation of future problems, needs or changes. Related to processes, seeking to anticipate and act upon future needs, searching for new opportunities that may or may not be related to the current line of operations, introduction of new products/trademarks ahead of the competition (Ibidunni et al, 2018).

Lumpkin & Dess, (2001), and Covin & Miller (2014) explained pro-activeness as taking advantage by expecting and searching for new opportunities and entering into a new market which is related with entrepreneurship. He further explained pro-activeness as the process by which firm relates to the market opportunities in the process of new entry in front of the opposition and acting in foresight of future interest (Rauch, et al, 2009), deliberate wipe-out of operations which are in the mature or declining phases of life cycle (Kreiser and Davis, 2010). According to, Vij & Farooq, (2015) Pro-activeness is shown by, (i) hostile actions direct at

competing firms (ii) the firms search of promising business prospects. Pro-activeness is the capability to take advantage, wherever the situation demands.

Customers Satisfaction

Customer satisfaction is perceived personal utility derived from a product compared to product expected performance (Oliver, 2014). To yield highly satisfied and loyal customers, organizations throughout the world are striving to produce products and services of superior quality. Customer satisfaction is considered to be the key success factors for every profit-oriented organization as it affects companies' market share and customer retention (Ogbari et al, 2015). In addition, satisfied customers tend to be less influenced by competitors, less price sensitive, and stay loyal longer (Grant, 2016) Satisfied customer is more likely to return and stay with a company than a dissatisfied customer who can decide to go elsewhere hence increasing customer satisfaction will directly affect companies' market share, which leads to improved profits, positive recommendation, lower marketing expenditures (Birinci, et al, 2018), and critically influence the corporate image, survival and sustainability (Champy, 2018) giving it credence as a measure of strategic planning of the organization (Dadzie, 2017).

Business Sustainability

According to Vos (2019) sustainability influences economic, social and environmental aspect of the society which aims at satisfying current need without blowing future generations' chances to satisfying tomorrow's needs. Sustainability in business affects both the environment and the society. For businesses to be sustainable, it should concentrate on long term strategies, establish smart business goals and pursue them right along. Brundtland Report (1987) defines sustainability as the development that satisfies today's needs without compromising the ability of future generations to satisfying their own needs. Posner (2014) argues that sustainability in business is important to the long term profitability of multinational companies and that it helps them to exploit opportunities and reduce the negative impact its major operations have on the environment, and the communities where they function. Therefore, business sustainability is the ability to meet the needs of present customers while taking into account the needs of future generations, with reference to creating meaningful values that shape strategic decision-making and building a culture that reinforces desirable behaviour. By being innovatively proactive firms can lay the framework that will put them in the lead irrespective of the dynamism in the business environment hence maintaining a sustainable development (Charter & Tischner, 2017).

Relationship between entrepreneurial proactiveness and sustainability

Entrepreneurial proactiveness is key in ensuring sustainability in business. Gawel (2012) opines that proactive companies tend to identify, and maximize opportunities created by sustainable development. Sustainability drives proactive firms to change their operative strategy and urge them to take advantage of opportunities that allows them find new areas for their activities. Sustainable entrepreneurship makes effort to create value that benefits the society through creation of opportunity, and development in an uncertain environment. This implies ability to take risk, alertness and innovative attitude together with determined ethical concerns (Jong, 2017). Pacheco et al. (2010) explains that proactive entrepreneur creates, discovers, evaluates, and maximize opportunities to produce future goods and services in line with the sustainable development goals by creating social and environmental gains for others in society. Common ground between entrepreneurial proactiveness and sustainability is the concept of longevity,

ensuring long lasting goods, values or services: preserving today's resources for future generations (sustainability) and creating unique solutions for the long run (entrepreneurship). Nevertheless, the focus of proactive entrepreneurs is building lasting impact in ensuring sustainability in business. As earlier mentioned, we cannot possibly determine the needs of future generations since according to history, they are increasingly changing. Entrepreneurship usually aims at developing long lasting products or services while sustainable entrepreneurship focuses on creating certain positive impact. In rapidly changing times adaptation is very important as creating a long lasting product or service might be unrealistic and even be damaging to the environment as shown by the usual entrepreneurship practice so both sustainability and proactive entrepreneurship require innovation (Nicholls-Nixon et al., 2000).

Methodology

The expo-factor explanatory quantitative research design was applied to retrieve information for the study. Data was collected through the administration of structured questionnaire patterned after the works of Fairoz, Hirobumi & Tanaka (2010) on pro-activeness. The simple random probability sampling method was employed as a result of the small number and homogeneity of the population to allow all subsets an equal chance of being selected. One hundred and twenty (120) copies of questionnaire were administered to CEO'S/MD'S and heads of functional units of the selected small and medium enterprises (SMEs) in Lagos State. 96 copies of questionnaire representing 80% response rate was retrieved. Descriptive inferential statistics was employed using correlation analysis to test the hypothesis specified.

Data Analysis and Presentation of Results

Table 1: Pro-activeness and Customers' Satisfaction

S/N	ITEMS	SD	D	N	A	SA	Total
PRO-ACTIVENESS							
1	My firm is often the first to introduce a new product	28 29.2	12 12.5	7 7.3	33 34.4	16 16.7	96 100%
2	My firm constantly engages in seeking new opportunities related to the present operations	19 19.8	9 9.4	10 10.4	25 26.0	33 34.4	96 100%
3	My firm is usually on the look for businesses that can be acquired in dealing with competitions	11 11.5	16 16.7	12 12.5	36 38.0	21 21.9	96 100%
4	In dealing with competitors, my firm initiates action rather than responding to it major competitors	10 10.4	10 10.4	11 11.5	30 31.3	35 36.5	96 100%
CUSTOMERS' SATISFACTION							
5	My firm's product/service meet with customers' expectations	12 12.5	21 21.9	5 5.2	27 28.1	31 32.3	96 100%
6	My firm responds to enquiries and complaints of customers in due time	14 14.6	10 10.4	15 15.6	19 19.8	38 39.6	96 100%
7	My firm provides a good value in terms of	19	12	9	21	39	96

	product and service to customers	19.8	12.5	9.4	21.9	40.6	100%
8	My firm provides easy access to information needed by customers	16	13	3	28	36	96
		16.7	13.5	3.1	29.2	37.5	100%

Source: Field Survey Result (2018)

From the table above, 16.7% of the total respondents strongly agreed that the firm is often the first to introduce a new product, 34.4% of the respondents agreed, 7.3% were undecided and the remaining 41.7% disagreed. Also, 34.4% of the total respondents strongly agreed that firm constantly engages in seeking new opportunities related to the present operations, 26% of the respondents agreed, 10.4% were undecided and the remaining 29.2% disagreed. The table above indicated that 21.9% of the total respondents strongly agreed that the firm is usually on the look for businesses that can be acquired in dealing with competitions, 38% of the respondents agreed, 12.5% were undecided and the remaining 28.2% disagreed. Moreover, 36.5% of the total respondents strongly agreed that in dealing with competitors, the firm initiates action rather than responding to its major competitors, 31.3% of the respondents agreed, 11.5% were undecided and the remaining 20.8% disagreed. For customers' satisfaction, 32.3% of the total respondents strongly agreed that the firm's product/service meet with customers' expectations, 28.1% of the respondents agreed, 5.2% were undecided and the remaining 34.4% disagreed. In the same vein, 39.6% of the total respondents strongly agreed that the firm responds to enquiries and complaints of customers in due time, 19.8% of the respondents agreed, 15.6% were undecided and the remaining 25% disagreed. From the table above, 40.6% of the total respondents strongly agreed that the firm provides a good value in terms of product and service to customers, 21.9% of the respondents agreed, 9.4% were undecided and the remaining 32.3% disagreed. Finally, 37.5% of the total respondents strongly agreed that the firm provides easy access to information needed by customers, 29.2% of the respondents agreed, 3.1% were undecided and the remaining 30.2% disagreed.

H₀₁) There is no significant relationship between entrepreneurial pro-activeness and customers' satisfaction.

Table 2: Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Pro-activeness	3.29	.695	96
Customers' satisfaction	3.27	.718	96

Table 3. Correlations

Correlations			
		Pro-activeness	Customers' satisfaction
Pro-activeness	Pearson Correlation	1	.663**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	45.833	31.417
	Covariance	.482	.331
	N	96	96
Customers' satisfaction	Pearson Correlation	.663**	1
	Sig. (2-tailed)	.000	

	Sum of Squares and Cross-products	31.417	48.958
	Covariance	.331	.515
	N	96	96
***. Correlation is significant at the 0.01 level (2-tailed).			

Source: Field Survey Result (2018)

Relationship between pro-activeness and customers' at $r = .663$, $n = 96$, $p < .0005$, that is high levels of pro-activeness are associated with relatively high levels of customers' satisfaction. The implication of this result is that, the level of customers' satisfaction is averagely influenced by the pro-activeness of the entrepreneurs. Conclusively, the results of the Pearson product moment correlation analysis showed that there is a positive and strong significant relationship between pro-activeness and customers' satisfaction. Therefore, we accept the alternate hypothesis (H_1) which implies that there is a significant relationship between pro-activeness and customers' satisfaction.

Discussion of Findings

The objective of this study was to determine the relationship between entrepreneurial pro-activeness and customers' satisfaction. This study likewise re-affirms the multidimensionality of entrepreneurial pro-activeness, on business sustainability which aligns with business performance of (Lee and Lim, 2009). It also validates the works of Ludeke-Freund (2010) in ascertaining that pro-activeness in business processes linked with innovative activities creates infallible competitive advantage via superiority in customer value which enhances firm and societal sustainability. In same vein, every entrepreneurial pro-active orientedness capacity articulated and sustained by firms, influence their performance in an unanticipated manner (Kreiser, et al., 2010). In this perspective, in order to increase the firm's sustainability, pro-activeness which is vital for improving the firm's behaviour, the development of relations between firm employees and with the consumers outside the firm, and undertaking strategies to increase continuous patronage for growth and profitability must all be taken into consideration. The support for entrepreneurial activities can be expressed in the planning and execution of policies and programmes which succeed the right implementation and management of selected entrepreneurial activities. It's equally essential for managers to comprehend that their commitment to pro-activeness of business processes will establish a culture among workers and also the entire company system that consists of many different components working together to realize common goals (Ogbari et`al, 2018). The capability of management to make sure that every department within the organization work in conjunction with a proactive entrepreneurial mind-set will give the magnificence in the structure of the organization thereby enhancing their level of sustainability.

Recommendations and Conclusions

This study has revealed that pro-activeness improves the quality, preservation and sustainability of both human and organizational and societal life as decisions are promptly taken to prevent unhealthy and unnecessary vulnerable actions. Therefore, Small and medium enterprises that want to succeed in today's competitive environment should recognize the impact of entrepreneurial pro-activeness on their business success and continuous existence. Firms need to understand that in order to remain in business and to be of relevance in the market they need to

be entrepreneurially pro-active in their approaches to business decision making processes as it affects new product design/ services, risk issues, innovation etc.

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