



ENTREPRENEURIAL ORIENTATION AND PROFITABILITY OF SELECTED WATER PACKAGING COMPANIES IN LAGOS STATE, NIGERIA

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Abstract

Entrepreneurial orientation (EO) is a key component required for organisational profitability and overall performance. The poor adoption of EO dimensions made water packaging companies not to be competitive enough to achieve set target for profitability. This explained why many of the organisations could only survive for a limited number of years before going into extinction. The study therefore examined entrepreneurial orientation and profitability of selected water packaging companies in Lagos State, Nigeria.

Cross-sectional survey research design was employed in this study. The population of the study comprised water packaging companies from the three senatorial zones of Lagos State, Nigeria. Sampling unit for the study consisted of five hundred and fifty-four (554) employees. Stratified, proportionate and random sampling techniques were adopted in the study. The adapted questionnaire was validated and administered to the respondents to collect primary data. A reliability test of the questionnaire was achieved with Cronbach Alpha values between 0.651 and 0.940. Descriptive and inferential statistics (simple and multiple regression analysis) were used to analyze the data and test the hypothesis.

Findings from the study revealed that there was a positive and significant effect of entrepreneurial orientation dimensions on profitability of selected water packaging companies in Lagos State Nigeria ($R^2 = 0.165$; $F_{(5,510)} = 21.339$, $p < 0.05$).

This study concluded that entrepreneurial orientation dimensions affected profitability of selected water packaging companies in Lagos State Nigeria. The study therefore recommended that adequate attention be given to the implementation of entrepreneurial orientation dimensions of innovativeness, proactiveness, risk-taking, autonomy and competitive aggressiveness.

Key words: Entrepreneurial orientation, Innovativeness, Autonomy, Competitive aggressiveness, Proactiveness, Risk-taking, Profitability.

Word Count: 249

1.0 Introduction

Water packaging companies like other businesses around the world are experiencing unstable performance due to global dynamic business environment challenges. Business organisations react in different ways to these challenges of industrial competitions, unstable business policies and boundless trading which made it difficult for manufacturing organizations in different industries to achieve targeted performance. Water packaging companies were not exempted from the poor organisational performance which was evident in their productivity, profitability and sales growth indicators which could have been caused by poor management of resources of this packaging companies.

The factors affecting performance of water packaging companies are many and varied, and stemmed from inappropriate employment of entrepreneurial orientation strategies, business environmental pressure as well as unpredictable factors (Abubakar, 2015). Kabuoh, Ogbuanu, Chieze and Adeoye (2017), also posited that unclear and unpredictable business environment have made many manufacturing companies in different economies of the world not to have sustainable basis for achieving targeted performance in terms of profitability and market share. Simao, Rodrigues and Madeira (2016) equally pointed out that majority of water manufacturing companies in developed countries have recorded unstable performance, as many of these water manufacturing companies experience competitive pressure and unstable business environmental factors.

Mihic, Umihanic, and Fazlovic (2015) emphasized that the habit of entrepreneurial orientation in business has been fueled by trade liberalization, competitive pressure, technological advancements in ICT and globalization. The scope of organization growth, entrepreneurial orientation practices and competition between water packaging organisations today has become widely expanded and this is creating several challenges for managers and business firms especially in the developing nations (Mutuku, 2017). Water packaging companies in Nigeria are not proactive, reactive and innovative which makes it difficult for many of these water packaging companies to satisfy their customers' requirement in terms of product quality and this in turn affects their sales volume and profitability. The capital requirement for the setting up, maintenance and expansion of water factory is quite enormous as many of the technical equipment required are imported and with the high inflationary rate which has affected the cost of this equipment, always limit the opportunity of the companies to produce the desired quantity (Adeyeye, Adeyemo & Alonge, 2017).

Based on the background discussion, the objective of this study is to investigate the effect of entrepreneurial orientation dimensions (innovativeness, proactiveness, risk taking, autonomy and competitive aggressiveness) on profitability of selected water packaging companies in Lagos State, Nigeria. In order to achieve this objective – “How does entrepreneurial orientation affect the profitability of selected water packaging companies in Lagos State, Nigeria”, the paper is arranged into four major sections. Section one revealed the background to the study while section two focused on the review of related literature in line with the concepts, theory, and empirics relating to the study variables. Section three dealt with the methodology adopted for the study with specific emphasis on the population and sample size determination together with data collection. Section four explained how the data collected were presented, summarized, analyzed and corresponding findings were discussed, while the fifth section covered the discussion, conclusion and recommendations flowing from the findings of the study.

Literature Review

Entrepreneurial orientation (EO) is a key component for organizational profitability and overall performance (Kuhn, Sassmannshausen, & Zollin, 2010; Otache & Mahmood, 2015; Rauch, Wiklund, Lumpkin, & Frese, 2009). Simao, Rodrigues and Madeira (2016) asserted that entrepreneurial orientation practices provide a refreshing feeling for business organizations that have been existing despite their nature and sizes. These organizations have realized that in order

to improve their performance (profitability, competitive advantage, corporate image and growth) there is need to adopt entrepreneurial orientation practices as an effective strategy while Zwingina and Opusunju (2017) stated that poor employment of entrepreneurial orientation strategies such as entrepreneur innovation, risk management, proactiveness measure and competitive pressure had made many manufacturing companies not to achieve targeted sales growth, profitability and overall performance.

Entrepreneurial Orientation (EO) refers to the decision-making styles, practices, processes and behaviours that lead to entry into new or established markets with new or existing goods or services (Lumpkin & Dess 1996; Walter *et al.*, 2006; Wiklund & Shepherd 2003). The definition though portrays the intent and partial definition of entrepreneurial orientation, but is not sufficient compare to recent conceptual definition of entrepreneurial orientation. However, there was an improvement when other scholars like Pratono and Mahmood (2015) defined entrepreneurial orientation as firm's strategic orientation and capturing of specific aspects of decision-making styles, methods and practices all of which indicate the entrepreneurial posture of the firm. It is a process construct and refers to the processes, practices, and decision-making activities that lead up to a new business venture (Odhiambo, 2015).

The various dimensions of EO include innovativeness which refers to the propensity of a firm to implement new ideas and creative processes that may result in the development of a new product, service or technological process (Herzog- Stein & Zapf, 2014). In the words of Debela and Dewitt (2017), innovativeness as part of the dimension of EO examines a company's ability to engage in, and support, new ideas, novelties, experimentation and creative processes that may result in new products, services or technological processes. Proactiveness as another dimension of EO refers to acting in anticipation of future problems, needs or changes. Taylor (2013) viewed proactiveness as how a company relates to market opportunities in the process of new entry, so as to influence trends and even create demand. To Okunbanjo, Adewale and Akinsulire (2017), risk taking embodies taking brave steps, measures and commitment of financial and non-financial resources by gambling into an unknown business area. Muhonen(2017) stated that competitive aggressiveness refers to an organisation's propensity to directly and intensively challenge its competitors to achieve entry or improve situation that is to outperform industry rivals while other scholars such as Ogunsiji and Kayode (2010) also viewed competitive aggressiveness as an organisation's capacity to outweigh and be ahead of rivals at grasping every opportunity. Autonomy refers to independent action in terms of bringing forth an idea or a vision and carrying it through to completion including the concept of free and independent action and decisions taken (Diyoke, 2014). There are two types of autonomy, the first type refers to decisive decision making where a vision is driven to implementation through individual leadership while the second type of autonomy refers to the individual autonomy that enables entrepreneurial activities and decision making at lower levels of an enterprise Brouters, Nakos and Dimitratos (2015).

Some of the major characteristics of EO includes self- confidence and a positive belief that in the future one can generally accomplish what one wishes to do. Others include risk-taking, persuasion and good leadership qualities which is the ability of a company's management to set goals, take swift and decisive action and inspire others to perform well. This was corroborated by Okeyo, Gathungu and K'Obonyo(2016) when they posited that firms can undertake uncertain and risky investments and proactively reach markets ahead of competitors thereby realizing high returns which is an important phenomenon that plays a crucial role in aligning businesses to market demands and performance. Khalid, Pairan, and Jabar(2018) stated that one of the major advantages of EO is that it enables organisation to scan and monitor their operating environment constantly to find new opportunities and increase their competitive advantage.

Horton (2018) defined profitability as the ability of a business to produce a return on an investment based on its resources in comparison with an alternative investment. Stefea (2012)

stated that profitability is the ability of a lucrative activity to generate revenues higher than expenses involved. It is seen as a measurement of efficiency and ultimately its success or failure. To Adekunle and Aghedo (2014), profit margin is a company's pricing strategies and how well it controls cost. On the other hand, Brigham, Gapenski and Ehrhardt (2009) considered that profitability is the net result of various policies and managerial decisions, and the profitability rates represent the net operating result of the combined effects of liquidity, asset management and debt management.

One of the major characteristic of profitability is that it is related to specified past performance of the organisation. This implies that the work done by the organisation in the past one month or year based on convenience are appraised based on various measurement scale which include profitability ratio, equity ratio, return on investment and many more parameters that the organisation preferred.

Profitability as a variable of organisational performance has some advantages. It is a comprehensive measure of firm performance overtime. Any organisation must strive to know their financial performance overtime so that they will be able to assess their performance status which will guide their future decision making process on whether to continue the business or take a break and any other important decision to make the organisation achieve their set goals (Tulisian, 2014). Another advantage is that it is usually a measure of competitive advantage which avoids biases common to other accounting methods while profitability index tells about an investment performance which will assist the organisation in knowing what financial decision it will take whether to borrow more fund or source for such fund elsewhere. Despite the advantages highlighted above, profitability measures might not provide the correct decision while being used to compare exclusive projects under consideration as profitability measures are not completely immune to biases from managers.

Empirically, from the review of the methodologies of past authors on the interaction between EO and profitability, majority of the authors employed survey research design which was either cross-sectional survey design or descriptive survey design (Abdalla, Ahmadize & Morsheda, 2005; Altindag, Zehir & Acar, 2011; Amran, Azizzan & Azuramohd, 2015; Chang, 2000; Frankwick & Voss, 2013; Hitt, Ireland, Camp & Sexton, 2001; Hung- Jung Chang & Hsien- Bin Waang, 2013; Jaewon-Yoo, Romero, Solis, Banos-Monroy, 2014; Kuratko & Audretsch, 2009; Lerchenmueller, 2014 and Stain & Elfring, 2008). Survey research design was employed because the survey obtains stronger data representation and better approximation with the reality experienced. Few authors used exploratory research design (Mukutu, 2017; Ejdy, 2016; Kong, 2012; Kahkha, Kahrazeh & Armesh, 2014; Stain & Elfring, 2008). This design helps to improve a researcher's knowledge of a study. Also, a high percentage of these studies employed questionnaire as an instrument for collecting data for studies because the questionnaire permits wide coverage and provides written information with less danger of misrepresentation.

Majority of the scholars employed stratified and simple random sampling technique while different methods of analysis were adopted by scholars whose studies were reviewed. The methods include, linear regression, multiple regression, Pearson Product Moment Correlation; structural equation modelling, analysis of variance and T-test (Otache & Mahmood, 2015; Ambad & Wahab, 2016; Kahkha, Kahrazeh, Armesh, 2014; Mokaya, 2012; Kenney, Mathew, Mujtaba, & Bahaudin, 2007; Jaewon-Yoo, Romero, Solis, & Banos-Monroy, 2014).

Findings review also showed that entrepreneurial orientation dimensions have positive impact on the organizational performance and also enhanced profitability and competitive advantages (Castrogiovanni, Urbano & Loras, 2011; Paauwe, Guest & Wright, 2013; Özdemirci, 2011). For instance, Birechi, Karoney and Alang'o (2018) stated that in order to enhance a company's financial performance and competitive advantage, managers should consider entrepreneurial orientation activities seriously. As these activities may take years to fully pay off, it is crucial

that managers adopt a long-term perspective in developing, managing, and evaluating entrepreneurial orientation dimensions (Paauwe, Guest & Wright, 2013).

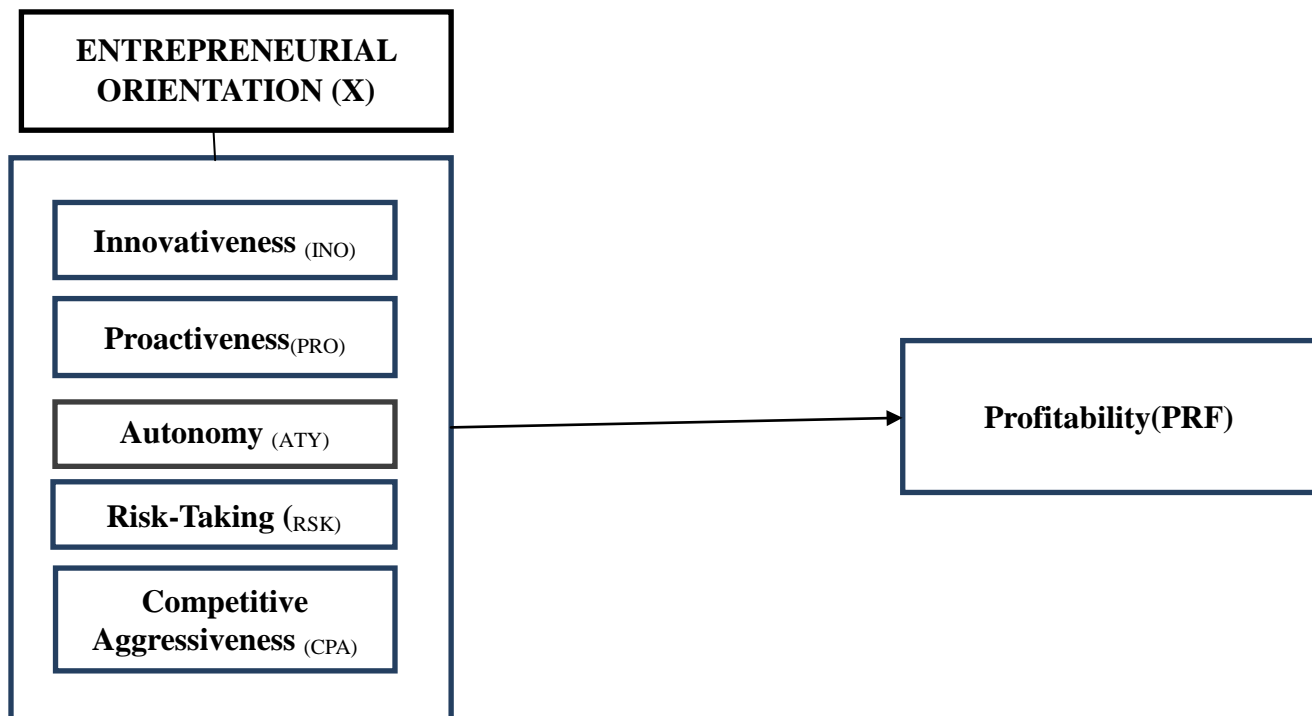
Similarly, Cano, Carrillat and Jaramillo (2016) affirmed that entrepreneurial orientation significantly determined firm profitability and also market innovation has a significant role in meeting market needs and response to market opportunities. Sandvik and Sandvik (2015) revealed that entrepreneurial orientation components determine profitability, market competition and innovation and also had a positive impact on the sales growth of organisations. However, Lomberg, Urbig, Stockmann, Marino and Dickson (2016) revealed in their study that risk-taking has a positive effect on performance variables such as profitability when the other dimensions of EO are excluded and that it has no effect once they are included.

Empirical study carried out by Otieno (2012) also examined the effect of entrepreneurial orientation on profitability and sales performance among manufacturing firms in Kenya. The study established that entrepreneurial orientation adoption improved sales, profits and employment. All these findings are supported by the findings of Umaru and Obeleagwu (2014). Their study was on the role of entrepreneurial orientation on firm sales performance in Nigeria and it revealed that high performing entrepreneurial-oriented firms were those firms, which were quick in recognizing and exploiting business opportunities and achieved targeted market competitive advantage and profitability.

Theoretically, EO is supported by Resource Based View (RBV) where it is explained that organizational resources which were valued, rare, difficult to duplicate and substituted were a source of competitive advantage, which was capable of improving business performance (Barney, 1991). Corporate entrepreneurship (CE), in the light of RBV, was acknowledged as a valuable organizational resource, which can give business organizations competitive edges over rivals in the marketplace. This theory explained the importance of financial, social and human resources (Aldrich, 1999). Thus, access to resources enhances the individual's ability to detect and act upon discovered opportunities, risk taking and proactiveness (Davidson & Honing, 2003).

Based on the theory explained above, the theoretical framework for the study is thus represented in figure 1 below;

Figure 1: Researcher's Model



Source: Researcher's Model (2019)

The above framework is further illustrated in the model equation below:

$$PRF = \beta_0 + \beta_1INO + \beta_2PRO + \beta_3RSK + \beta_4CPA + \beta_5ATY + \epsilon_i \text{ ----- (i)}$$

3.0 Methodology

This study employed survey research design and the population of the study was 1,468 water packaging companies in Lagos State, Nigeria. These companies are registered with the Association of Table Water Producers (ATWAP) of Nigeria. The companies had a geographical spread across eleven (11) zones within three (3) senatorial districts in Lagos State. The sampling unit consisted of managers, operations and distribution staff of the selected water packaging companies who are in charge of management, production and marketing. The sample size was determined by applying the Cochran (1997) formula. This helped the researcher to obtain the sample and use the results to make sampling decisions based on the data. The primary data was used in gathering data from the respondents through administration of questionnaire to the targeted respondents. The study adopted closed-ended questions with the quantitative section of the instrument utilizing an ordinal scale format.

4.0 Data Analysis

The data analysis explained the link between the sub-variables of the study using Multicollinearity test, Linearity test, Normality test, and Homoscedasticity test. Data analyses were performed by checking for consistency of filled questionnaire to ensure data cleansing, sorting and coding. Data retrieved was analysed using appropriate statistical tools. The descriptive analysis of data involved the use of tables and percentages, while the inferential statistics was carried out using simple linear equation so as to understand the effect of EO on profitability of selected water packaging companies in Lagos State, Nigeria. The respondents were asked to indicate on a six-point likert type scale, their level of agreement on several statements describing EO in relation to profitability.

The descriptive statistics are as contained in Tables 1 to 6 below:

Table 1: Descriptive statistics of responses of respondents on Innovativeness

Items	Very High	High	Moderately High	Moderately Low	Low	Very Low	Mean	Std. Dev.
Supporting creativity	1.4%	21.6%	68.0%	9.0%	0.0%	0.0%	4.15	.58175
New production processes	0.5%	11.7%	73.9%	14.0%	0.0%	0.0%	3.99	.52520
Early adopter of new products	5.0%	43.7%	41.0%	9.9%	0.5%	0.0%	4.43	.75611
Actively seeks new business systems	3.6%	53.2%	39.6%	3.6%	0.0%	0.0%	4.57	.62557
Develops in-house solutions	10.4%	49.1%	37.4%	3.2%	0.0%	0.0%	4.67	.70336
Product creativity	15.3%	39.2%	38.3%	6.8%	0.5%	0.0%	4.62	.84075
Grand Mean							4.41	.67212

Source: Field Survey Results, 2019

Table 2: Descriptive statistics of responses of respondents on Proactiveness

Items	Very High	High	Moderately High	Moderately Low	Low	Very Low	Mean	Std. Dev.
Introduction of New Product Lines	2.3%	11.7%	78.4%	7.7%	0.0%	0.0%	4.09	.52698
Changes in Product/Service lines	1.4%	11.7%	75.2%	11.7%	0.0%	0.0%	4.03	.53746
anticipating customer needs	5.4%	53.2%	25.2%	15.3%	0.9%	0.0%	4.47	.84895
Anticipating competitor strategy	5.4%	50.5%	37.8%	5.9%	0.5%	0.0%	4.55	.70886
Planning for the future	24.3%	40.5%	29.7%	5.0%	0.5%	0.0%	4.83	.86885

Grand Mean							4.39	.69822
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Source: Field Survey Results, 2019

Table 3: Descriptive statistics of responses of respondents on Risk Taking

Items	Very High	High	Moderately High	Moderately Low	Low	Very Low	Mean	Std. Dev.
Periodic environmental scanning	0.0%	16.7%	73.4%	9.9%	0.0%	0.0%	4.07	.51223
Commits resources to pursue uncertainty	0.0%	20.7%	62.2%	16.7%	0.5%	0.0%	4.03	.62663
Pursue opportunities that present risk	2.7%	49.5%	34.7%	12.6%	0.5%	0.0%	4.41	.76067
Initiates new opportunities	7.7%	46.8%	39.2%	6.3%	0.0%	0.0%	4.56	.72679
Market industry challenges	14.9%	42.3%	34.7%	8.1%	0.0%	0.0%	4.64	.83252
Willingness to take risk	11.3%	30.6%	45.0%	12.2%	0.5%	0.5%	4.39	.88906
Grand Mean							4.35	.72465

Source: Field Survey Results, 2019

Table 4: Descriptive statistics of responses of respondents on Competitive Aggressiveness

Items	Very High	High	Moderately High	Moderately Low	Low	Very Low	Mean	Std. Dev.
Outperform competitors in timely product delivery	2.7%	44.6%	51.8%	0.9%	0.0%	0.0%	4.49	.56872
Product quality is never compromised	0.5%	29.3%	68.0%	2.3%	0.0%	0.0%	4.28	.50645
Engages customers periodically	5.4%	62.2%	27.9%	4.1%	0.5%	0.0%	4.68	.66009
Ensures product visibility in the market	12.6%	55.4%	30.6%	0.9%	0.5%	0.0%	4.79	.68285
Business processes are not easily imitable	31.5%	41.4%	23.4%	3.2%	0.5%	0.0%	5.00	.84820
Grand Mean							4.65	.65326

Source: Field Survey Results, 2019

5: Descriptive statistics of responses of respondents on Autonomy

Items	Very High Extent	High Extent	Moderately High Extent	Moderately Low Extent	Low Extent	Very Low Extent	Mean	Std. Dev.
Independent in employee decision making	1.4%	25.2%	70.7%	2.7%	0.0%	0.0%	4.25	.52050
Degree of freedom in organizing resources	4.1%	29.7%	64.0%	2.3%	0.0%	0.0%	4.36	.59746
Entrepreneur is subjected to external pressures	16.2%	64.9%	13.1%	5.9%	0.0%	0.0%	4.91	.72253
Freedom of entrepreneur vision	18.5%	54.1%	22.5%	5.0%	0.0%	0.0%	4.86	.76894
Independent decision making	29.3%	33.8%	30.2%	6.3%	0.5%	0.0%	4.85	.93231
Grand Mean							4.65	.70825

Source: Field Survey Results, 2019

Table 6: Descriptive statistics of responses of respondents on Profitability

Items	Very High	High	Moderately High	Moderately Low	Low	Very Low	Mean	Std. Dev.
Maintains adequate financial records	1.8%	22.1%	73.4%	2.7%	0.0%	0.0%	4.23	.51793
Price stability on cost of production	0.9%	18.0%	77.5%	3.6%	0.0%	0.0%	4.16	.47642
Annual expenses is lower than sale revenue	5.0%	65.8%	18.5%	10.8%	0.0%	0.0%	4.65	.73870
Process improvement over the years	6.3%	67.1%	23.0%	3.6%	0.0%	0.0%	4.76	.61779
The company annually exceed its revenue target	34.2%	33.8%	30.6%	1.4%	0.0%	0.0%	5.01	.84012
Grand Mean							4.56	.63819

Source: Field Survey Result, 2019

Table 6 presents the respondents opinions to profitability of selected water packaging companies used in the study. Table 6 report shows that 1.8% of the respondents agreed on a very high scale that they maintain adequate financial records, 22.1% high, 73.4% indicated moderately high while 2.7% indicated moderately low. On average, the respondents indicated that on a high scale that they maintains adequate financial records with a mean of 4.23 and standard deviation of 0.51793. The results also indicated that 0.9% of the respondents responded that price stability on cost of production is very high, 18% high, 77.5% moderately high while 3.6% indicated moderately low. On average, the respondents indicated that price stability on cost of production is high with a mean of 4.16 and standard deviation of 0.47642. Also, the results shows that 5% of the respondents indicated on a very high scale that annual expenses is lower than sale revenue, 65.8% indicated high, 18.5% moderately high while 10.8% indicated moderately low. On average, the respondents indicated on a high scale that annual expenses is lower than sale revenue with a mean of 4.65 and standard deviation of 0.73870. Further, results indicated that 6.3% of the respondents responded very high to process improvement over the years, 67.1% indicated high, 23% moderately high while 3.6% indicated moderately low. On average, the respondents indicated that process improvement over the years is high with a mean of 4.76 and standard deviation of 0.61779. The results also shows that 40.1% of the respondents that indicated on a very high scale that the company annually exceed its revenue target, 34.2% indicated high, 33.8% moderately high, 30.6% moderately low while 1.4% indicated low. On average, the respondents indicated on a high scale that the company annually exceed its revenue target is high with a mean of 5.01 and standard deviation of 0.84012. The grand mean for profitability is 4.56 which indicates that the respondents agreed on a scale with most of the questions on profitability while the standard deviation of 0.63819, indicates the responses clustered around the mean.

Connecting descriptive statistics on Tables 1 to 6 together, entrepreneurial orientation components and profitability have similar pattern of increase given by the grand mean values. The findings of this study as shown in the respective tables revealed that innovativeness, proactiveness, customer aggressiveness, risk taking and autonomy is high across selected water packaging companies in Lagos State as indicated by the perceptions of the respondents which tends towards high responses on the scale. Also, the finding reveals that profitability of selected water packaging companies in Lagos State is high on the response scale.

Entrepreneurial orientation dimensions were regressed on profitability in order to determine the effect. The composite index was computed for each variable. The results of the analysis are presented in Table 8.

Table 7

Results of Regression of Profitability on Entrepreneurial Orientation Dimensions

Variables	<i>B</i>	<i>SEB</i>	β	<i>T</i>	<i>p-value</i>
Constant	8.995	1.486		6.053	0.000

Innovativeness	0.031	0.036	0.036	0.866	0.387
Proactiveness	0.151	0.040	0.163	3.764	0.000
Risk Taking	0.140	0.035	0.177	3.952	0.000
Competitive Aggressiveness	0.043	0.050	0.040	0.867	0.386
Autonomy	0.217	0.044	0.211	4.889	0.000

$Adj. R^2 = 0.165; F(5, 510) = 1.82425$

Table 7 presents the multiple regression results for the effect of entrepreneurial orientation dimensions on profitability of selected water packaging companies in Lagos State, Nigeria. The regression results in Table 8 shows that entrepreneurial orientation components explain 16.5% of the variance in profitability ($Adj. R^2=0.165$). The model did not explain 83.5% of the variation in profitability. Therefore, apart from entrepreneurial orientation dimensions, there are other factors with an influence on profitability of selected water packaging companies by 83.5% which future studies should focus on.

The ANOVA result in Table 8 was used to test whether the model is significantly fit in predicting the firms' profitability. The overall significance model produced ($F(5, 510)= 21.339, p<0.05$) indicating that entrepreneurial orientation dimensions are jointly statistically significant in explaining variations in firms' profitability. Hence, the overall model reveals a statistically significant effect ($p= 0.000$) between firms' profitability and entrepreneurial orientation dimensions, inferring that entrepreneurial orientation components influence firms' profitability.

The estimate of the parameters of the model adopted to evaluate the effect of entrepreneurial orientation dimensions on firms' profitability was presented in Table 8. The results showed that innovativeness had a positive coefficient when used as a predictor of firms' profitability ($\beta= 0.031, p=0.387$) and has a t-statistic of 0.866 which is not significant at 5% significance level. This indicates that innovativeness is not a significant predictor of profitability of selected water packaging companies in the study.

Proactiveness had a positive coefficient in the regression model ($\beta= 0.151, p=0.000$). The t-statistic was 3.764 which was significant at 5% significance level. This indicates that proactiveness is significant as a predictor of firms' profitability by selected water packaging companies in Lagos.

Risk taking had a positive coefficient in the regression model ($\beta =0.140, p=0000$) indicating that a rise in risk taking by selected water packaging companies will have a positive effect on the firms' profitability. The t-statistic was 3.952 which was significant at 5% significance level. This indicates that risk taking is a significant predictor of firms' profitability.

The coefficient of competitive aggressiveness is positively and statistically insignificant to firms' profitability ($\beta= 0.043, p=0.386$). The t-statistic for competitive aggressiveness in the regression however was 0.867 which was not statistically significant at 5%. This result indicates that competitive aggressiveness is not a significant predictor of profitability of selected water packaging companies at 5% significance level. Autonomy had a positive coefficient in the regression model ($\beta=0.217, p=0000$) indicating that rise in autonomy would have a positive effect on firms' profitability. The t-statistic for autonomy in the regression was 4.889 which was statistically significant at 5% significance level. Lumpkin and Dess (1996) argue that any enterprise "that engages in an effective combination of autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness is "entrepreneurial". The tolerance level of all the independent variables were above 0.1 while the Variance Inflation Factor (VIF) scoring above 1 shows that the model is free from multicollinearity. The multiple linear regression model

explaining the effect of entrepreneurial orientation dimensions on profitability can be expressed as follows:

$$\text{PROF} = 8.995 + 0.151\text{PROA} + 0.140\text{RST} + 0.217\text{AUT} \text{----- Eqn (1)}$$

Where: PROF = Profitability
PROA = Proactiveness
RST = Risk Taking
AUT = Autonomy

From the above regression equation, taken all entrepreneurial orientation dimensions constant at zero, firms' profitability would increase by 8.995. The equation shows that, a unit change in each of the proactiveness, risk taking, and autonomy, would result to increase in firms' profitability by factors of 0.151, 0.140, and 0.217 respectively. At 5% significance level, innovativeness and competitive aggressiveness were found to be statistically insignificant to firms' profitability as their p-values were larger than 0.05. The results in Table 8 shows that autonomy was the most significant among the entrepreneurial orientation dimensions, implying that to improve profitability, water packaging companies in Lagos State must develop and bringing forth ideas and visions and carrying such through to completion including the concept of free and independent

action and decisions taken. Thus, from the results, there is sufficient statistical evidence to support the effect of entrepreneurial orientation components on profitability of selected water packaging companies in Lagos State, Nigeria.

5.0 Discussion

The results in Table 8 revealed that entrepreneurial orientation dimensions have significant effect on profitability of selected water packaging companies in Lagos State, Nigeria ($Adj. R^2 = 0.165$; $F(5, 510) = 21.339$, $p < 0.05$). The results showed that taken all entrepreneurial orientation dimensions constant at zero, firms' profitability would increase by 8.995. The equation shows that, a unit changes in each of the proactiveness, risk taking, and autonomy, would result to increase in firms' profitability by factors of 0.151, 0.140, and 0.217 respectively. However, innovativeness and competitive aggressiveness were found to be statistically insignificant to firms' profitability. Thus, water packaging companies that want to improve their profitability can focus on proactiveness, risk taking, and autonomy. The results of the current study supportCastrogiovanni, Urbano and Loras (2011); Paauwe, Guest and Wright (2013); and Özdemirci, (2011) who foundpositive impacts of entrepreneurial orientation dimensions on the organizational performance Further, the findings of this study support Sandvik and Sandvik (2015) research, which concluded that entrepreneurial orientation dimensions determine profitability, market competition and innovativeness and also had a positive impact on the sales growth of organisations.

Theoretically, the outcome of this study was in line with the Resource Based View as originated by Barney(1986) and supported by Alvarez & Busenitz(2001), Kwabena(2011) and Wernerfelt(1984) which states that organizational resources which were valued, rare, and difficult to duplicate and substitute were a source of competitive advantage, which was capable of improving business performance. The theory was selected to guide the study variables because its perspective is tied to the focus of the study and the dimensions under investigation. The theory which rests on three assumptions: that firms seek to earn above average returns; that resources are asymmetrically distributed across competing firms; and that differences in resources lead to differences in product or service characteristics that result in variations in firms' profitability.

5.1 Conclusion and Recommendation

The conclusion from the research study revealed that entrepreneurial orientation dimensions have significant and positive relationship with profitability. Therefore, the implication is that the more

the adoption of entrepreneurial dimensions of innovativeness, proactiveness and risk-taking the more the profitability of the companies. Thus the study recommended that organisations should ensure that they constantly work on process improvement through cost management, adequate record keeping and those entrepreneurial orientation dimensions of competitive aggressiveness, risk-taking and innovativeness which is expected to guarantee improve profitability base of the company.

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