


Entrepreneurial Skill as a Determinant for Green Procurement Opportunity Exploitation by Small and Medium Enterprises in Nigeria

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Abstract

Small and Medium Enterprises (SMEs) are most vital to the economic growth of every nation in the world. The focus on entrepreneurial skills as a necessity for opportunity exploitation in SMEs is very important because of the peculiarity of problems they face especially for SMEs in Nigeria ranging from idea formulation, lack of sustainability in production and consumption to survival in the capitalistic market. This study hence explored entrepreneurial skills as a determinant for green procurement opportunity exploitation by Small and Medium Enterprises (SMEs) in Nigeria. The study adopted an exploratory approach using a descriptive survey which was conducted in Kaduna state of Nigeria. The survey was stratified into sub-sectors that were sampled which are agro-based, chemical, construction and engineering. The target population was 1,279 who are registered with Federal Ministry of Commerce and Industry, Kaduna. All analysis was conducted to obtain final result of the study sample of 120 registered SMEs drawn from the target population in Kaduna state. Also, the target population was grouped into the manufacturing industry, trade and services. Statistical analyses were conducted with the help and data from Kaduna Chamber of Commerce and Industry (KADCCIMA) to calculate the descriptive statistics and inferential statistics.

Keywords: *Entrepreneurial skill, Green procurement, opportunity exploitation, Small and Medium Enterprises.*

Background to the Study

Entrepreneurial skills is a important factor in determining the extent to which green procurement can be seen and exploited as an entrepreneurial opportunity for small and medium enterprises in Nigeria. Empirical studies show that small and medium enterprises in Nigeria and most developing nations have not discovered the economic benefit in green procurement as compared to SMEs of developed nations. The subject of this study is to determine the green procurement opportunity exploitation by small and medium enterprise in Nigeria. Longenecker (2003) define entrepreneurship as the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and career commitment of providing value for some product or service. The entrepreneur's knowledge and experience provides them the desire to understand and make use of green opportunities. Johnson (2008) explained; the other important factors in this process are entrepreneurial alertness and entrepreneurial networks, motivation, making independent and self directed decisions.

Green Procurement

Green Procurement” (formerly known as Affirmative Procurement) is the purchase of environmentally preferable products and services in accordance with one or more of the established “green” procurement preference programs. It involves the integration of environmental issues into purchasing decisions based on price, performance and quality. (Nicolas 2008). An entrepreneur is person bearing risks, planning, supervising, organizing and owning (Beaudeau, 1997). Schumpeter (1934) describes an entrepreneur as an innovator and develops untried technology. An entrepreneur is an economic man who tries to maximize his profits by innovations (Haggen, 1998).

Statement of Problem

The growing commitment to sustainable principles has increased the demand for new green products and services. Businesses and consumers are looking for entrepreneurial skills in the economy which presents better ways to reduce waste, minimize our impact on the environment, and leave a cleaner, greener world for our children and grandchildren. The growing emphasis on protecting the environment translates into opportunities for entrepreneurs (Nelson 2000), but only entrepreneurs in developed nations have been able to operate entrepreneurial skills and capabilities to take advantage of the green procurement entrepreneurial opportunity. SMEs of most developing nations dwell on the mythical believe that green jobs are a fad (Nelson 2000). Small and medium enterprise in Nigeria is characterized by surveys from various researchers and Small business owners on the various challenges hindering the growth of SMEs ranging from poor management practices, poor access to funds, low equity participation from stakeholders, poor infrastructural facilities, shortage of skilled manpower, multiplicity of regulating agencies and overbearing operating environment, societal and attitudinal problems, lack of access to markets and information (Ajayi and Adesina 2011).

Purpose of the Study

Since SME'S dominate the private section in most developing countries, a deeper understanding of how green procurement contributes to their growth is important. The growth of SME'S is below expectation. This study provides insight and a model that should enable SME'S to be more profitable and achieve sustainable goals and graduating to a large enterprise by identifying and employing critical drivers of growth such a green procurement (Gathenya, 2012). In globalized economics, there has been increased in challenges such as intense competition and ever changing environmental conditions. Since SME'S are a major contributor to the GDP, they still lack a practical understanding of utilization of green procurement for their competitive advantage (Gathenya, 2012). This study will therefore seek to determine green procurement opportunity exploitation by small and medium enterprises in Nigeria.

Literature Review and Conceptual Framework

Entrepreneurship contributes significantly to the economy (Ahire, Walter and Golhar 2005). Schumpeter (1961) simply defines the entrepreneur as the one who brings about innovations which is what creates real development in the economy. One of the important inputs in any economic development of a country is entrepreneurship. The future of entrepreneurship is bright in developing countries.

Stevenson (1991) conceptualize entrepreneurship as opportunity-based management behaviour. He describes entrepreneurial skills and administrative skills as the two extreme opposites of an entrepreneurship continuum. This continuum describes the entire spectrum of possible firm behaviours with the promoter firms placed at the entrepreneurial end and the trustees at the administrative end. Whereas the promoter intent to pursue and exploit new opportunities regardless of resources controlled, the trustee strives to use his or her resource pool in the most efficient way on given purposes.

Hisrich (2009) corroborated that there is an interaction effect between entrepreneurial alertness and the entrepreneur's prior knowledge of market and customer problems. Those entrepreneurs who are have the ability to recognize meaningful business opportunities are in a strategic position to successfully complete the product planning and development process and successfully launch new venture. For SMEs to successfully harness opportunities available in the economy they need to possess and operate to a certain level of significance skills that are functional for entrepreneurship and entrepreneurs in a thriving competitive market as the Nigerian market.

Independent entrepreneurial actions provide the impetus needed to explore business opportunities, bring forth business concepts, and carry them through to completion (Bird, 2009; McMullen & Shepherd, 2006). The environment provides to the entrepreneur a number of resources and all that is required is for the entrepreneur to note an opportunity, combine these resources optimally, process them and the outcome will be a profitable venture creating employment and value addition to the entrepreneur and the community (Kuratko and Hodgetts, 2008). An entrepreneurial opportunity invariably involves the development of some new idea that most others overlook. In the context of environmental change, those with entrepreneurial intentions (Hisrich, Peters and Shepherd, 2005) and (cognitive) orientation (Holt, 2002) often see new opportunities where most others are concerned with protecting themselves from emerging threats and changes resulting from uncertainty. Entrepreneurs have different characteristics from other people. Investors intending to finance entrepreneurial ventures try to measure the commitment of entrepreneurs by for example willingness to mortgage their houses, take a cut in pay, sacrifice family time and reduce their standards of living (Dawood, 2008). The Opportunity Recognition Process) explains the process of opportunity recognition by entrepreneurial skills in the most bleak of situations where most others cannot see because they are concerned with protecting themselves and their finances from threats and changes which they presume will be unfavourable to the

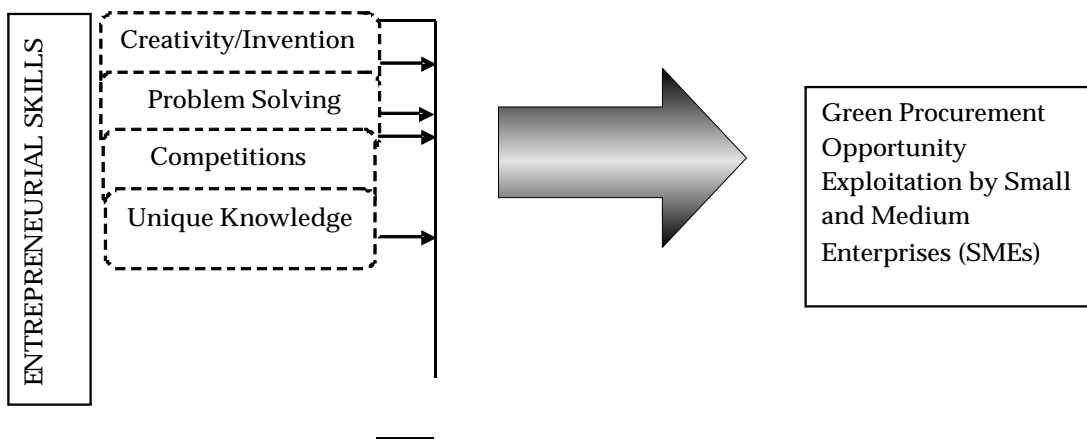


Figure 1: Conceptual Framework Design

Creativity/Inventions

Creative behaviours possess an element of newness, novelty, and difference (Herrmann, 1996). The process of creative thinking is now recognized as an important element in management. It has spawned a literature of green procurement in its own right (Goodman 1995), so we can only recognize and comment on its own importance. Such literature in green procurement suggests that obtaining the right environment and the right team of individuals is important for creative thinking and hence idea formulation (Hisrich 2009).

Problem Solving

Entrepreneurial skills are a thorough determinant in green procurement opportunity exploitation and such skill is problem solving in nature. You can develop lateral thinking by challenging assumptions. An assumption is anything you assume or believe to be true. Challenging an assumption can lead to a creative solution to a problem (Mariotti 2009).

Kardosh, Levendoschi and Ecofrotas (2011) agreed with the findings that the ability and ease of introducing green procurement into various stages of the SME market process helps to solve the problem most SMEs face from production to consumption stage of their product. D'Amico and Agune, (2007) states in corroboration that SMEs are required to reduce waste disposal, to provide energy efficiency certification, to employ vehicles that use less polluting fuels, to present appropriate waste management plans, to reduce the use of chemicals, and to identify greenhouse gas mitigation opportunities (green procurement).

Competitions

In green procurement, SMEs can find a way to beat the competition based on price, location, quality, reputation, reliability or hours, by operating a very successful business based on untapped resources with an already existing product or service which are the products that can be recycled for optimum productivity and security of the environment (Mariotti 2009).

Unique Knowledge

Green procurement is a constructive and productive innovation for SMEs especially in Nigeria because of the unique form of knowledge for sustaining the environment and creating maximum profit out of it also (Badi and Badi 2005). SMEs possess a better knowledge of their neighborhood better than bigger organizations in the same neighborhood would. They are well experienced on the environmental activities therein. They can use that knowledge along with their creativity and intelligence, to become very successful SMEs (Oyeyinka 2005).

Methodology

A well structure questionnaire was used to collect data from SMEs. The study used random sampling technique and collected data from 120 SMEs. Regression analysis, correlation and coefficient calculations were done using statistical packages for social sciences (SPSS) obtaining the correlation between entrepreneurial skills and green procurement opportunity exploitation by SMEs in Nigeria. Results were discussed to aid SMEs ability to adopt the techniques and bring profitability.

Analysis

Descriptive statistics for all the variables were calculated and inferential analysis was also done. Pearson's correlation coefficient was calculated for all the variables to corroborate the relation between entrepreneurial skills and green procurement opportunity exploitation by SMEs.

Findings

The findings in all contributing variable reveals that entrepreneurial skills is a necessity for SMEs to thrive in the Nigerian economy. Findings also presents that SMEs possess entrepreneurial skills already and can be developed by adopting new initiatives for business.

Table 1: Statistical Results on Creativity/Inventions in Green Procurement

Statement	Yes		No		Total
	f	%	f	%	
Creative initiative	85	70.8	35	29.2	100
Initiative	111	92.5	9	7.5	100
Initiative towards green procurement	57	47.5	63	52.5	100
Average	84.3	70.26	35.6	29.73	100

Table 2 shows a coefficient of 0.73for the creativity/inventions which confirm that creativity/inventions as an entrepreneurial skill among SMEs do influence the operation of green procurement opportunity exploitation by SMEs in Nigeria, positively.

Table 2: Coefficients of Creativity/Inventions
Coefficients

Coefficient	Unstandardized Coefficients			Standardized	
	B	Std Error	Beta	t	Sig.
Initiative towards green procurement	-.046	.084	-.050	-.594	.584
(constant)	.730	.058	12.660	.000	

Table 3: Statistical Results on Problem Solving

Statement	Yes		No		Total
	f	%	f	%	
Problem solving initiative	111	92.5	9	7.5	100
Solved above 5 problems in 5years?	117	97.5	3	2.5	100
Average					

Table 4 shows a coefficient of 0.808 which further confirms that problem solving as an entrepreneurial skill among SMEs has a positive influence in the operation of green procurement opportunity exploitation by SMEs in Nigeria.

Table 4: Coefficient for Problem Solving
Coefficients

	Unstandardized coefficients			Standardized Coefficients	
	B	Std. Error	Beta	t	Sig.
Number of problems your business has solved	.044	.028	.143	1.567	.120
(constant)	.808	.078	10.317	.000	

Table 5: Statistical Results on Competition

Statement	Yes		No		Total
	f	%	f	%	
Competitive environment	103	85.8	17	14.2	100
Average					

Table 6 shows a coefficient of 0.509 which confirms that competition as an important entrepreneurial skill has a huge positive influence on green procurement opportunity exploitation by SMEs in Nigeria. For a unit change in the competition levels, there is a corresponding 0.509 unit change in the adoption of green procurement.

Table 6: Coefficients of Problem Solving

Coefficients^a

	Unstandardized coefficients			Standardized Coefficients	
	B	Std. Error	Beta	t	Sig.
Number of competitions faced in recent years	.146	.034	.371	4.340	.000
(constant)		.509	.086	5.930	.000

Table 7: Statistical Results on Unique knowledge

Statement	Yes		No		Total
	f	%	f	%	
Effect of unique knowledge	82	68.3	38	31.7	100
Staff training in green procurement	75	62.5	45	37.5	100
High cost of green procurement	56	46.7	64	53.3	100
Average	71	59.16	49	40.83	100

Table 8 shows a coefficient of 0.393 which further confirms that entrepreneurial skills has a positive influence in green procurement opportunity exploitation by SMEs in Nigeria. In fact for a unit change in unique knowledge levels, there is a corresponding 0.393 unit change in the adoption of green procurement.

Table 8: Coefficients of Unique Knowledge Coefficients^a

Coefficients	Unstandardized Coefficients			Standardized	
	B	Std Error	Beta	t	Sig.
policies for enhancing the knowledge of employes	.226	.090	.226	2.508	.014
(constant)	.393	.066		5.987	.000

Conclusion

Green procurement as an entrepreneurial skill encourages a competitive environment. Being a healthy practice for the growth of SMEs in Nigeria, it brings about this practice by identifying key antecedents that could drive such practices. Therefore, SMEs in Nigeria need to take initiative towards green procurement as a better way to grow and sustain a business. Also from the fact that Nigerian SMEs are creative and very innovative, a little encouragement from other factors in this study will nudge them to achieve this.

Recommendation

Entrepreneurial skill has a direct effect and very positive impact on SMEs however small or big if there will be sustainable growth and development of SMEs as far as opportunity exploitation is concerned in Nigeria. The study showed the role that entrepreneurial skill plays in SMEs with the variable guidelines in the findings which comprised of; creativity/inventions, problem solving, competitions and unique knowledge.

SMEs should ensure that creativity and inventions is a business habit as creative behaviours possess an element of newness, novelty and difference. SME organizations should ensure that creative thinking is inculcated into the daily activities of the business it runs and that managers are taught in the creative thinking pattern. All staffs also regardless of their position should be encouraged to engage in creative thinking and come up with innovations and ways to carry out ideas and should be bold enough to bring it up before the management team or the leadership of such organizations. Nobody should be left out in the creative thinking process. Green procurement should be taking into considerations by SMEs and think creatively on how best to apply the green procurement practices that will be profitable to their business as well as improving the quality of their output to customers and consumers.

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