

The Benefit of Entrepreneurial Orientation and Management's Perception of Innovative Capabilities on Digitalization

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Abstract - This study aimed to look at if the categories of management in companies can influence the company's ability to digitalize. This is done by measuring the dynamic capabilities and the entrepreneurial orientation in management and comparing it to the company's digital maturity. A theoretical framework was created to formulate the major theories of the study and relevant hypotheses. To analyze the collected data the multiple regression analysis method was used to see if the variables that any statistical relationship and if the variables have statistical relevance. However, a bigger sample for the questioner is suspected to show that entrepreneurial orientation could have had statistical relevance as the sample group for this study was quite small. This research work was help managers to realize their weakness and strength as well as recognize creative staffs in their organization. It was also go a long way in solving organizations management issues and improving staff welfare as well as identifying best staffs to be retained in organizations.

Keywords: Entrepreneurial, Innovative, Management's, Digitalization.

I. INTRODUCTION

The world is becoming more and more digitized. Businesses need to keep up with digitalization if they want to keep up with customer demands and stay competitive and keep up with changes in the market. Digitalization is a changing force that was started by the fourth industrial revolution and the internet of things. These two phenomena have changed the way we think about business activities and processes and the relationship between organizations (like businesses, government agencies, and others) and their customers is transforming. Companies across all industries need agility, flexibility, and the ability to quickly pursue new opportunities [1]. Digitalization in a business is creating digital transformation and growing the digital maturity of the business. By embracing digitalization and adopting new technology businesses have been able to improve financial

performance and can create competitive advantages, something that is necessary in this digital world and it can often be done on a modest budget [2]. Management also needs to be able to guide a business through changes in the market. When there are major changes in the market there is an easier transition for the business with dynamic capability (DC). There are very many upsides to digitalization, like increased performance and creating competitive advantages. That makes it important for businesses that want to stay competitive in a world that is becoming more digital [3]. Despite this, research shows that there is a lack of openness to digitalization in businesses and therefore in managers. When looking at business digitalization it is hard to ignore the Covid-19 pandemic and how it forced businesses to start digitizing and adopting technology because of how it has changed the business environment in almost every industry. This rapid change has shown that a lot of businesses were not ready for such changes. It has shown a lack of digitalization despite its upsides and its general importance. Many businesses are digitalizing now mainly because they have been forced by the Covid-19 pandemic. As management that has DC and has higher levels of EO should be good at digitalizing and adopting to change that affects their company as they are more proactive and risk-taking and are better at reconfiguring resources to adapt to new situations that that means they are more open to digitalization [4]. Even with the Covid-19 problem many companies have refused to go digital in Adamawa State, this make the companies left behind in terms of digital market. Digitization can be seen as the process of converting analog information into 1s and 0s. Digitalization can be viewed more as the application of digital technologies [5]. Digitization can create significant efficiency on the operational level and help reduce mistakes. But it does not change the business as it is, it does not lead to new business models or disrupt the strategies that are fundamental to the business [6]. In view of this, there is little or no work done on entrepreneurial digitalization in Adamawa State, this research work is to determine the benefits of entrepreneurial orientation, innovation and capability on digitalization in Adamawa State.

II. LITERATURE REVIEW

2.1 Digitalization

The word digital comes from the word “digit” which means number. Information technology like computers uses binary numbers, where the numbers can be a 1 or 0. When the numbers are used to display data, the data becomes digital [7]. This is compared to analog data that does not use digits to display data. Digitization can be seen as the process of converting analog information into 1s and 0s. Digitalization can be viewed more as the application of digital technologies [8]. Digitization and digitalization are seen as two different processes, but they are easily confused, and some use the terms interchangeably and that is wrong. Digitization is the process of converting analog information to a digital one [8]. Digitization can create significant efficiency on the operational level and help reduce mistakes. But it does not change the business as it is, it does not lead to new business models or disrupt the strategies that are fundamental to the business. This is quite different from digitalization with is more of a transformation [9].

2.2 Management

Management has been practiced since time immemorial. The evidence of management goes back to records from early civilization. The word “management” first appeared in the French language in 1598. The first publication in the management field was released in 1825. Management was from the perspective of the “general manager” of the business and it addressed the tasks that that person had to deal with to ensure that the business was successful. The tasks were divided into five very broad categories, these are planning, organizing, command, coordination, and control. Those were the primary tasks of the managers; the secondary tasks were communication, motivation and decision making [10].

2.3 Entrepreneurial Orientation (EO)

Research in entrepreneurship has come up with several different typologies to describe several different perspectives of entrepreneurship. Entrepreneurship and EO are not the same things. The distinction between them is made in the strategic literature between process and content. Strategic literature defines entrepreneurship by going into business that is the content. Strategic management development has shifted the emphasis to the entrepreneurial process, which incorporates the practices, methods and decision-making styles that are by management and act entrepreneurially [11].

2.4 Dynamic Capabilities

When looking at DC it is important to begin with the Resource-based View (RBV) as it is the theoretical model RBV suggests that positioning the essential resources gives the firm the ability to create competitive advantages and receives better performance. It emphasizes the role of ownership over resources. Resources can be defined as “stocks of available factors that are owned and controlled by the firm [12].

2.5 Theoretical Framework

2.5.1 Digital Theory

This study was look at digitalization which is defined as digital technology to help the business find new ways of creating value and a process of using digital knowledge to take action. This is an important distinction for the study as it is the basis for the research question. As it revolves around Digitalization in business. For a better understanding of what digitalization is more exactly a good example being when a sensor in a machine is used to transmit data to and that data is used to prevent errors or mistakes or plan maintenance of the machine that is digitalization [13].

2.5.2 Management

For this study, the definition of manager or managers is important as they consist of the group that the data was collected from. The manager that this thesis is the manager by the modern definition of the ones in a business that has the responsibility to further the company's efficiency and its competitiveness. Tasks that require the perspective to recognize opportunity and risk[14].

2.6 Hypothesis and Conceptual framework

The previous literature says that managers that have high levels of EO also have DC with means that they are better at digitizing. That helps to move the business towards digital transformation and the business that they work in would have higher levels of digital maturity, and the business is, therefore, more digitalized [15].

III. MATERIALS AND METHODS

This research work was covering all 21 local governments of Adamawa State. Research design for this proposal includes strategy, framework, sampling, procedures for data collection and data analysis. Thus: in order to achieve the purpose of present study, a self-administered survey was be conducted to collect data through questionnaire which is a method to conduct a cross sectional research. Sample sizes for proposal represent a proportion of overall population of the

study area. A reasonable sample size is important for an empirical research study as it become difficult to capture significance of the relationships and interactions between variables with an inappropriate sample size. The population for the present study was thirty (30) out of eighty-three (83) commercial bank managers in Adamawa State. The data was collected through a self-administered survey where questionnaire was distributed among managers of commercial banks. They requested for help and support to fill the questionnaire. The data was statistically analyzed in two different categories, preliminary data analysis and structural question modeling.

IV. RESULTS AND DISCUSSIONS

Table 1: Descriptive statistics of degree of digitalization

S/N	Items/Statistical Operations	Mean	Median	Standard Deviation	Number of Items
1	Degree of Digitalization	2.14	2.00	0.723	4
2	Process and Infrastructure	2.34	2.00	0.940	1
3	People and Culture	2.43	2.00	0.855	1
4	Digital Sales	1.15	1.00	0.863	1
5	Customer Involvement	1.99	1.00	1.072	1

Table 2: Descriptive statistics of Entrepreneurial orientation

S/N	Items/Statistical Operations	Mean	Median	Standard Deviation	Number of Items
1	Degree of EO	4.33	4.55	0.093	9
2	Innovativeness	4.28	4.33	1.353	3
3	Proactiveness	4.51	4.66	1.258	3
4	Risk-taking	4.28	4.33	1.229	3

Table 3: Descriptive statistics of Internationalization Intensity

Internationalization Intensity	Items	Mean	Median	Standard Deviation
	Scale	55.47	62.00	34.822
	Scope	19.90	11.00	25.526
	Speed	3.68	2.08	5.022
	Mode	1.95	2.00	1.082

This study was conducted with the objective of the benefit of entrepreneurial orientation and management's perception of innovative capabilities on digitalization. The results support the well-founded views from existing theoretical frameworks, the investigation of these dimensions within one process extend beyond conventional views that have only examined them separately [16]. The central contribution of the study includes the introduction of a conceptual process that demonstrates how digitalization affects EO which, in turn, is a crucial determinant for increasing the internationalization propensity of MSMEs

(Table 2). It was found that the more MSMEs have digitalized some of their operations, the more they favor entrepreneurial behavior when leading their strategic decisions. Furthermore, in line with scholarly research, we verified that the more entrepreneurial behavior a company adopts in its foreign operations, the more it increases its internationalization intensity [16]. More specifically observed that the number of geographical markets expands through proactive behavior and the speed of generating revenue in those markets accelerates through taking risky actions. Contrary to expectations, it was found that no relationship between EO components and the scale and mode of MSMEs' internationalization (Table 3). By elaborating on the results of hypothesis testing, it was first noticed that firms prioritize a digital transformation into their internal processes and infrastructure, as well as in building their employees' digital skills and digital-oriented culture [17]. Nevertheless, MSMEs demonstrated fewer digitalization efforts in terms of the experience they provide through sales and customer involvement. Indeed, in line with previous research, the use of purely digital technologies in external features leads to defining a new value proposition, and in some cases, requires redesigning the company's business model [18]. Established MSMEs may require more time and resources to achieve such digital transformation, and may consequently focus on digitalizing internal features for operation optimization, cost reduction, quality improvement, and greater reliability [19]. At the same time, whether at internal or external levels, we observed in results that the degree of digitalization has a significant impact on a company's EO, which, in turn, affects the internationalization intensity of MSMEs.

The approach used in this research allows us to discuss the model of discovery and exploitation of opportunities through the use of purely digital technologies, particularly dedicated to established MSMEs. The results were found to be more relevant in three one-dimensional strategic orientations in this research separately and proposed organizing a discussion through each EO component [16]. It was also noticed a positive and significant relationship between the degree of digitalization and innovation behavior. Thus, from the perspective of *innovativeness*, it was found that the digital context enables firms to strongly encourage collaboration, sharing of ideas, and new value creation. As emerging technologies have the ability to connect people to each other, connect people with machines, and connect machines to each other, broad business networks and communities are created around the world [20]. New forms of collaboration involving innovation, co-creation, and strategic alliances was provide companies with additional resources and competences to develop international trade activities, and better adapt offers to foreign markets' expectations. Available data was employed for the development of user-centric and knowledge-driven

products and services. This is also a way to increase customization. With technological advancement, such as big data, internet of things, and machine learning, firms are improving their abilities to gather market knowledge, and taking a more proactive in their decision-making process [20]. Better informed companies are more inclined to take dynamic actions to extend their product or service scope in foreign markets, and to engage in new markets. Furthermore, digital technologies were a relevant method of overcoming international barriers as a way to pursue new market commitments, even without the certainty of success [21]. *Risk taking* was thus the last entrepreneurial orientation that was positively affected by the use of digital technologies. Despite the fact that entrepreneurs are often afraid of cyber-attacks, data loss, and other security issues involved in digital technology usage, it was nevertheless confident that these tools has develop more secure solutions in the years to come [22]. In the light of these notable findings, it was finally suggest that entrepreneurs should combine digitalization, EO, and internationalization activities through defining their own digital entrepreneurial internationalization strategy. Shaped by combining current capabilities with capabilities enabled by digital technologies, a new business strategy has directly impact the current value proposition of companies in foreign markets, and thus significantly reinforce their competitive advantage [22]. According to the change in governance involved in digital contexts, the finding emphasizes the key role of founders and decision-makers.

V. CONCLUSION

This study examined three research streams from the field of entrepreneurship. The central contributions of research include the introduction of a conceptual process that illustrates the relationships between degree of digitalization, EO, and the internationalization intensity of MSMEs. It highlights how the degree of digital transformation affects companies' EO, and measures how each EO component linked to MSMEs' internationalization intensity. The study adopted a quantitative research design and statistically demonstrated that as firms become digitalized, it positively affects the EO degree which, in turn, positively contributes to increasing the scope and speed of their internationalization. Furthermore, to reinforce the results of study, the propositions that highlights how digital technologies could improve companies' EO, and thus enhance internationalization. Digital technologies reduce many constraints for reaching the global marketplace. By consolidating EO capabilities with the use of nascent technologies, the study suggest that firms have numerous opportunities to further activate their ecosystem, deepen market knowledge, develop stronger skills, optimize internal resources and better exploit external ones, improve operations, and shape new value propositions with greater flexibility and

responsiveness. All of these elements, if dynamically explored, lead companies to expand their competitive advantage in foreign markets.

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