



## Moderating Effect of Government Role on the EE and SCA Relationship of a Selected Industry in Nigeria

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### Abstract:

The study examined the moderating effect of government role on EE and SCA of an industry in a political region in Nigeria. Cross Sectional survey research design used and the population was 210 administrative staff of a selected industry in Nigeria. Sample was not considered as the population is not bigger than what the researcher could capture and cover. Questionnaire was administered using simple random sampling technique and S E M – AMOS adopted in hypothesis testing. The test result revealed that government role positively moderate the link between EE and SCA. As such, it was recommended that government should be ready to play positive roles like creating enabling environment for entrepreneurial businesses to strive and be able to enjoy SCA, especially, in a particular industry in South-South, Nigeria.

**Keywords:** Entrepreneurs, Government, Entrepreneurial Ecosystem, Sustainable Competitive Advantage, Government Role.

### Introduction:

Entrepreneurship was defined by Mathushan and Pushpanathan (2020) to be chains of phases, likewise, realizing business perceptions and fresh method, take advantage of the present prospects, and bearing in mind planned threat, definite knowledge, and execution. Morris and Jones(1993) in Mathushan and Pushpanathan (2020) opined that the entrepreneurial method summarizes of fine set of task and activities to discern fresh corporate open doors, articulate a business inkling, evaluate and acquire important vital means, implement the business inkling consequently efficiently direct and exploit on the business. The process where entrepreneurs initiate and commence a venture as new business by investing capital is what was referred to as entrepreneurship. Those things that are external to the organization might include the political terrain as well as the government view in form of policies and other related issues from the *power that be*. Such policies might include government role. As we mentioned earlier, many scholars came to conclusion that government does not have any genuine reason to be in business in this 21st century. What is required of government is certain role that will foster operation and management of business in such area. We will, therefore, look into the moderating impact of government role on the link between EE and SCA in an important industry in Nigeria. Other works founded were mostly of the advanced/developed countries but this study will examine the phenomenon in an industry in a region of Nigeria.

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### Research Question:

What is the moderating impact of government role on the link between entrepreneurial ecosystem and sustainable competitive advantage of an industry in a region in Nigeria?

### Hypothesis:

Government role does not moderate the link amongst EE and SCA of selected industry in a region in Nigeria.

### Literature Review:

#### Operational Framework



**Fig. 1: Operational Framework Showing the moderating role of Government Role on the Link between EE and SCA**  
*Researchers' Idea, 2022*

#### Concept of EE

Entrepreneurial ecosystem was also describes by Spigel (2017) ) in Grigore and Dragan (2020) as amalgamation of sociocultural, economic and law/political components inside a state that give credence to the advancement and progress of innovative take off and embolden promising entrepreneurs and other players to involved in the starting risk, financing and then supporting high-risk businesses. Again, entrepreneurship system otherwise known as further ecosystem, as formal and structural or if you like, other systemic features, that interrelate and impaction proof of identity and commercialization of entrepreneurial prospects (Audretsch&Belitski, 2017). Entrepreneurial ecosystem involves a group of different features—such as customers with open mind, leadership, capital markets and culture—that pool together in composite methods (Isenberg, 2010). Scholars according to Mujahid, Mubarikand Naghavi (2019) had defined EE as a arrangement of harmonized and jointly reliant on features that end in the creation of a ingenious surroundings for entrepreneurship in a nation.

New businesses created by entrepreneurial ecosystem generating profits from their venture Ha, Lee and Seong (2021), attain competitive advantage, financial performance improvement Schollhmmmer (1982) in Ha, Lee and Seong (2021) and performance of business improvement through promotion of business modernization and improving the morale of worker and efficiency(Stevenson & Gunpart, 1985 in Ha, Lee & Seong, 2021). Entrepreneurial ecosystem also attains for transnational corporations competitive advantage, necessary for astounded alterations in the outer surroundings and better performance in foreign markets by search for prospects and being ground-breaker(McDougal, Covin, Robinson & Herron, 1994 inHa, Lee & Seong, 2021). To achieve economic advantage, an enterprise must react to market needs more belligerently than its competitors and forecast modifications in the marketplace(Ha, Lee & Seong, 2021).

#### Concept of SCA

The main concern in SCA is the competitors' outwitting, that is, designing ways strategies to outsmart other competitors in the industry (Subrahmanyam & Azad, 2019). Onuoha (2008) opined that competitors are businesses engaged in similar trade competing for certain possessions which in most cases is the patronage of customers. Onuoha (2008) It was opined that firms struggle for the best technology to manufacture their products, struggle for the cheapest and best raw materials as well as trying to entice the best hands to work with. Again, government may also be a competitor in certain areas of endeavor like economic and human activities. Therefore, proper monitoring of others activities is very paramount for the survival of every business.

Competitive advantage is available when organization is having strategy that could easily attain creation of value for the organization and no other organization is currently adopting such strategy or is not able to enjoy the advantage accruing from such particular strategy(Barney, 1991 in Hoffman, 2000). In another words, having unique strategy for creating value for the organization and perhaps, competitors find it difficult to replicate such strategic benefit is simply SCA (Hoffman, 2000).

#### Concept of Government Role

Government role in the existence of entrepreneurship will be in form of policies as such it was described by Obaji and Olugu (2014) as any plan aiming at the SMEs conditions improvement and regulation considering the government policies of support, implementing as well as funding. The implication of the assertion is that every role government intend to play will come in form of policies for the support and creation of enabling business environment for entrepreneurs to do their business with ease.

Various administrations both civilian and military had at different occasions deployed entrepreneurship friendly policies and support but as much some of these policies are lofty and noble it could not achieve reasonable effect on the

businesses of the entrepreneurs (Oni & Daniya, 2012 in Obaji & Olugu, 2014). This is due to bureaucratic bottleneck, lack of patriotism and largely, corrupt practices among those in charge of the implementation of those policies. Obaji and Olugu (2014) relying on (Ihugba, Odii & Njoku, 2014) opined that the ingenuities of government were terribly unsuccessful because of the domineering administrative processes, dishonesty, unsatisfactory and incompetent infrastructural facilities and further added that unpredictable government procedures as one of the encounters confronting entrepreneurs in Nigeria. As it was earlier argue that government should not be involved in business, especially, in the developing nations like Nigeria. However, it was agreed upon by many scholars like Obaji and Olugu (2014); Dzafic and Babajic (2016); Kashmiri and Akhter (2017); Amadi, Ojiabo and Alagah (2018) and others that it is incumbent on the government especially, those of the developing nations to provide an enabling business environment for enterprises, more importantly, the SMEs. This might be due to importance of entrepreneurs cannot be overemphasized. To this Obaji and Olugu (2014) opined that there had been series of researches on the link amongst entrepreneurship and development of economic activities at all levels and relying on Kumar and Liu (2005) in Obaji and Olugu (2014) it was revealed that the contribution of entrepreneurs relating to GDP and employment is ever increasing.

The activity of entrepreneurs in SMEs has been continuously recognized as main impetus that drives innovation and economic growth of most countries of the world Audretsch (2001) in Dzafic and Babajic (2016). SMEs play particular and important role in creation of job process in transition economies as they generate jobs for those that were dismissed by large organizations in the period of privatization or restructuring Dzafic (2014); Dzafic (2007); Wichkam (2006); Kolodko (2000); Bartlett and Hogget (1996); Tyson *et al.* (1994) in Dzafic and Babajic (2016). Many scholars like (Thurik & Wennekers, 2004; Wennekers, van Stel, Carree & Thurik, 2007; Naude, 2008 in Dzafic & Babajic, 2016), and others, actually agreed with the submission that there is positive relationship between economic development and entrepreneurship. While, Baumol (1990) in Dzafic and Babajic (2016) had different opinion and submission on the relationship between entrepreneurship and economic development. That assertion was linked to disparaging and even unproductive tendencies from some entrepreneurs.

However, survival of any project or scheme within a territory depends largely on the support from the government of the day. Kashmiri and Akhter (2017) asserted that businesses successes and by implication its survival depends largely of government support. This is done with regulations that make the business environment attractive and easier climate. In the same vein, government could be a source of limitation to entrepreneur's establishment and development. Obaji and Olugu (2014) added that apart from creating enabling business environment, they should as a matter of urgency find a way to encourage private sector investment with the provision of necessary infrastructures like good roads, energy, and other utilities at affordable prices.

Amadi, Ojiabo and Alagah (2018) submitted that the government of Nigeria tried promoting entrepreneurial culture by instituting certain initiatives to instil ...business assurance, optimistic attitude, success pride, new ideas encouragement and backing, being responsible socially, technological supports provision, encouragement of linkages among inter-firm and R & D promotion. This is aside those other entrepreneurial programmers that the government had been involved in shortly after the Civil War of 1967 to 1970. Programmers like SAP, NDE, National Open Apprenticeship Scheme, Youth Enterprise with Innovation in Nigeria, the SME Development Association of Nigeria and many others. Amadi, Ojiabo and Alagah (2014) submitted that application of certain government role and support for entrepreneurship encourages entrepreneurial success.

Nevertheless, Timothy (2018) highlighted that some of the roles played by most government for encouraging entrepreneurial businesses to include provision of enabling business environment for existing and upcoming entrepreneurs; legislation(s) that will regulate small and medium enterprises smooth running; provision of essential and important infrastructures; and proper funding of any policies that will aiding the success of entrepreneurs. Government role commence with the provision of start-up capital for those in the rural areas of most developing countries (Siram & Mersha, 2010 in Obaji & Olugu, 2014).

If all these aforementioned could be provided in any country they should be witnessing much survival of entrepreneurial business. With much entrepreneurial businesses, we are bound to have much competition among them. Invariably, the economy of such country will be benefit tremendously from such competition. Hence, every government should endeavour to play certain part in the encouragement of entrepreneurship development by providing opportunities with favourable policies that can strengthen the entrepreneurial ecosystem skills and not only to give education in line with entrepreneurial skills building.

According to Isenberg (2010) in Grigore and Dragan (2020) government needs to tailor their policies towards conducive business climate and entrepreneurial culture to help the entrepreneurs operate without much hindrance. This is emphasizing the importance of government role in ensuring that entrepreneurs carry out their businesses in a friendly business environment.

Government had being trying to promote entrepreneurship programmers as well as some international agencies for about three decades, now, in order to attract innovation, reduce unemployment and consequently, boost the nation's economic growth. Different entrepreneurial programmers had been initiated to facilitate new businesses creation, promotion of employment and economic growth (Igwe, 2016).

It has been established that government need to carry out two important task/roles in order for them to promote entrepreneurship. The first role is regulatory by creating a serene of equality, justice and fair play for all participants. The other role is progressiveness, via different programs initiation including human resource development, assisting financially or otherwise. These may include but not limited to every policies of government that could assist in promoting

entrepreneurial ventures and protect the interests of participants like resolution of conflict mechanisms, policies relating to patent and tax laws, as well as other regulations relating to business. Malen and Marcus (2017) in Mujahid, Mubarik and Naghavi (2019) disclosed that businesses are supposed to be promoted if there is conducive EE that are favouring entrepreneurs.

There is need for government to make laws for the protection of intellectual assets rights. Most countries government normally go beyond limit in promoting entrepreneurship. Australia is an example of where the government is all out to protect her entrepreneurs and their businesses within the country, by easing restrictions on immigration of foreigners that show case business acumen (Mujahid, Mubarik & Naghavi, 2019).

### **Moderating Effect of Government Role on The Link amongst EE AND SCA**

The key objective here is establishing how government role moderate the link amongst entrepreneurial ecosystem and sustainable competitive advantage. There were literatures establishing negative and or positive relationship among the three variables like Greene (2012) in Kashmiri and Akhter (2017) that submitted that government policy positively moderated the relationship between entrepreneurial ecosystem and its success.

Keeping in mind that it has been argued that no business succeed without adequate and proper competitive strategy in the industry, even though, there are other studies that insisted that government role via certain policy moderated the relationship between entrepreneurial ecosystem and its success negatively. Kashmiri and Akhter (2017) also concluded that positive moderating effect of government role exists on the link amongst entrepreneurial ecosystem and its outcome which is dependent on the strategy adopted to advance market competitive advantage.

In Obaji and Olugu (2014), it was asserted that any country's entrepreneurial success largely depend on the government policy conduct. The implication or interpretation of this assertion is that government role is very essential for the successful operation of entrepreneurs. For entrepreneur to be successful, the ecosystem must be able to enhance competitiveness and invariably, competitive advantage. But Dzafic and Babajic (2016) had a contrary submission that government role in SMEs and entrepreneurship development is relatively low in the organisation studied.

Perhaps, it was to that effect that Kashmiri and Akhter (2017) asserted that it is not only to encourage development and providing opportunities but vigorously educate on entrepreneurial skills building as well as making policies and plans directed at strengthening the entrepreneurial ecosystem.

The final conclusion in Grigore and Dragan (2020) supported the assertion of Isenberg (2010) that there is no shortcut to successes of the implementation of entrepreneurial ecosystem to achieve sustainable competitive advantage except and if government played their own role as expected of them by rolling out policies that support entrepreneurship in the country. Isenberg (2010) in Grigore and Dragan (2020) had shown that success is a miracle attached to hard work and

good thinking and no immunity for any business infection of entrepreneurial ecosystem; too many variables, species, many other things might have gone off beam. (Isenberg, 2010 in Grigore & Dragan, 2020) went further that although the arrangements are always be exclusive, but to achieve entrepreneurship that can be self-sustaining, favorable policy, human skills, culture, markets, supports and capital.

Most governments had dragged it upon themselves to promote economic development and create employment and it has been established that survival of any nation depend large on the contribution of the entrepreneurs. Hence, government is playing a very onerous task of making entrepreneur, entrepreneurship and entrepreneurial ecosystem to be worthwhile for them to be able to compete favorably well in their various industries. Igwe (2016) asserted that for more than 25 years now, the government level of interest as potential solution to entrepreneurship in promoting economic and employment development had seriously increased. Furthermore, forecast that youth figure will be double by 2045; our youth needs to be empowered so that they will not be a menace as this is the solution to every country's future prosperity relying on United Nations Economic Commission for Africa (2012) in Igwe (2016). Statistics have shown about sixty (60) percent increase in unemployment rate of youth between the age of fifteen to twenty four years in Africa and many ladies in this figure had stop searching for work instead they prefer to be entrepreneurs (AEO, 2012 in Igwe, 2016). The implication of this is that government intervention will encourage most of these youth to go into entrepreneurship.

Again, if substantial number of these youths goes into entrepreneurship and with government focus on the entrepreneurial ecosystem, there must be fair competition among them. This will serve as avenue to create more wealth through employment of the entrepreneurs and others. Igwe (2016) submitted that government and other related agencies policies to stimulate the behaviors, skills and ecosystem of entrepreneurs will stimulate competition among entrepreneurs which will invariably increase rate of employment and growth of economy (Igwe, 2016).

Participants in entrepreneurial ecosystem like government, actors in social community, and business actors should come together as communities in order to assist in strengthening the co-operation networks among social communities, those in business, and government. By so doing, entrepreneurial mind-set and spirit will increase and encourage dynamics, sustainability, growth and development in entrepreneurial ecosystem Purbasari, Wijaya and Rahayu (2020). This submission is pointing to the fact that with the actors in entrepreneurial ecosystem playing adequate role especially, government, achieving sustainable competitive advantage will be much easier than before.

Purbasari, Wijaya and Rahayu (2020) concluded that the study result will be useful for all the stakeholders like academics government, markets, business actors, bankers and social societies in the EE as well as having efficient plus effective policies and tactics that relates to the creative industries' progress in each entrepreneurial ecosystem region. They went further to opine that efforts to have quality

entrepreneurs involved in increasing the market demand both at the international and national market through the production of products/services that are innovative. With such condition, there will be positive effect of local and sustainable competitiveness (Purbasari, Wijaya&Rahayu, 2020).

**Methodology:**

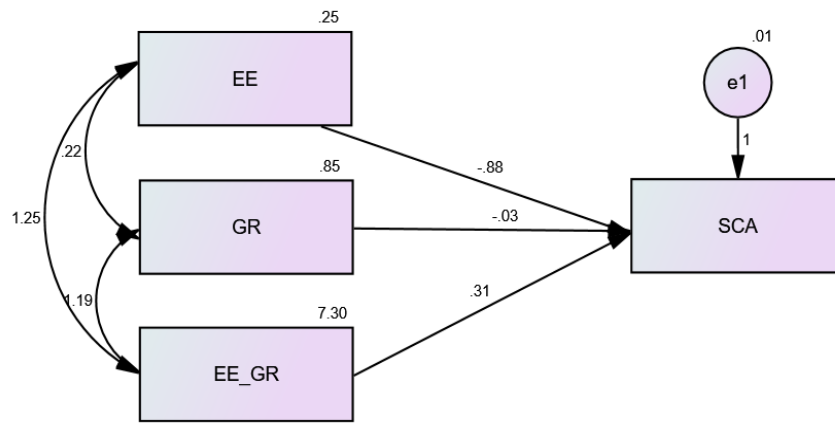
Cross sectional survey research design that is an example of quasi-experimental design. Twenty oil and gas firms were approached for participation in the study, but it is only eight of them that obliged to take part in the study. Those that were ready availed researchers with the administrative staff statistics for sampling totaling two hundred and ten (210) as our population and sample as the number could easily be covered by the researcher. Note that the selection of those organisations studied was based on proximity, convenience and accessibility of the location. Data gathered with research instrument (questionnaire) was analysed with Structural Equation Modelling - AMOS

**Testing of Hypotheses**

**Hypothesis Testing**

**H<sub>01</sub>:** Government role does not moderate the link amongst EE and SCA of selected industry in a region in Nigeria.

**Fig. 2: Hypothesis Testing**



**Moderating Effect of GR on the Relationship between EE and SCA**

Hypothesis	Estimate	S.E.	C.R.	P
EE ---> SCA	.884	.035	25.552	0.000
GR ---> SCA	-.026	.008	-3.335	0.000
EE_GR ---> SCA	.313	.006	49.522	0.000

SPSS-AMOS 23.0 (2022)

**Note:** SCA = Sustainable competitive advantage, EE = Entrepreneurial ecosystem  
GR = Government role

When EE increases by 1, SCA increases by 0.884. The estimated weight regression of .884, comes with standard error of .035. To have a critical ratio that is big like 25.552 probabilities, the unconditional value will be below 0.05. This implies that the weight of regression for EE in the forecast of SCA signifies a noteworthy link of 0.000 at the 0.05 level of significance. When GR increases by 1, SCA increases with -0.026. The estimated weight of regression, 0.026, has a standard error of about .008. To have a critical ratio as low as -3.335 probability, the absolute value is .000.

This implies that the weight of regression for GR in the forecast of SCA signifies a negative link of 0.000 at the 0.05 level of significance. When EE\_GR increases by 1, SCA increases up by 0.313. The estimated weight of regression, .313, comes with standard error of almost .006. To have probability of having a critical ratio as big as 49.522 in absolute value is .000. This implies that the weight of regression for EE\_GR in the forecast of SCA signifies a noteworthy link of 0.000 at 0.05 significance level. Therefore, our null hypothesis is rejected; the alternate is accepted. A change in role of government will warrant a resultant change in sustainable competitive advantage. Hence, we restate that

Government role positively moderates the linkamongst EE and SCA of selected industry in a region in Nigeria.

### Findings:

#### Government Role and the link amongst EE and SCA

The multivariate analysis of the effect of moderation of Government Role on the linkamongst entrepreneurial ecosystem and sustainable competitive advantage revealed a significant moderating influence of government role. This means that government role positively influences the linkamongstEE and SCA. The null hypothesis was rejected given the fact that the p-value of 0.000 was below the significance level (0.050). The coefficient path ( $\beta$ ) value of 0.313 signifies that, an increase in government role is likely to subsequently increase the existing linkamongstEE and SCA by about 31.3%. This finding agrees with that of Kumar and Liu (2005) in Obaji and Olugu (2014) who was revealed that the contribution of entrepreneurs relating to GDP and employment is ever increasing. Timothy (2018) highlighted that some of the roles played by most government for encouraging entrepreneurial businesses to include provision of enabling business environment for existing and upcoming entrepreneurs; legislation(s) that will regulate small and medium enterprises smooth running; provision of essential and important infrastructures; and proper funding of any policies that will aiding the success of entrepreneurs. Siram and Mersha (2010) added that by providing start-up capital by government for those in the rural areas of most developing countries goes a long way(in Obaji&Olugu, 2014).

#### Conclusion:

Based on the hypothesis result findings, it was established that the linkamongstEE and SCA is adequately as well positively moderated by government role in the selected industry in a geopolitical region, Nigeria.

#### Recommendations:

Standing on this study, it could be recommended that every government should be playing positive roles on their economy and other areas to provide an enabling environment for energy and utilities entrepreneurs so as to be able to be able to achieve sustainable competitive advantage over their competitors, especially, foreign based and/or multinationals firms in the industry.

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