

**FACTORS INFLUENCING OPPORTUNITY
IDENTIFICATION OF ENTREPRENEURS IN
NIGERIA: THE ROLES OF ENTREPRENEURIAL
ALERTNESS AND SOCIAL MEDIA**

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ALERTNESS AND SOCIAL MEDIA**

by

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LIST OF ABBREVIATIONS

CMB	Common Method Bias
EC	Entrepreneurial Creativity
EOI	Entrepreneurial Opportunity Identification
EPK	Entrepreneurial Prior Knowledge
EPP	Entrepreneurial Proactive Personality
ESE	Entrepreneurial Self-efficacy
ESE	Entrepreneurial Self-Efficacy
GEM	Global Entrepreneurship Monitor
NBS	National Bureau of Statistics
PSED	Panel Study of Entrepreneurial Dynamics
RBV	Resource-Based View
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria

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Appendix A	Questionnaire
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**FAKTOR MEMPENGARUHI IDENTIFIKASI PELUANG USAHAWAN DI
NIGERIA: PERANAN KEPEKAAN KEUSAHAWANAN DAN MEDIA
SOSIAL**

ABSTRAK

Pengenalan peluang dititikberatkan dalam kalangan usahawan di Nigeria Selatan-Barat. Nigeria diperkaya dengan peluang keusahawanan; namun, kesedaran tentang potensi maksimum peluang ini telah dilemahkan oleh beberapa cabaran seperti kekurangan akses kepada pembiayaan, cukai berganda, dasar fiskal yang tidak menguntungkan, pelaksanaan dasar yang lemah, masalah pendaftaran, yang telah mengekang pembangunan keusahawanan di Nigeria. Oleh itu, isu pengenalan peluang masih berleluasa dalam kalangan usahawan di Nigeria Barat Daya kerana ramai yang tidak dapat mengenal pasti peluang dalam pendekatan perniagaan mereka. Walau bagaimanapun, kajian ini mengkaji hubungan antara rangkaian sosial keusahawanan, efikasi sendiri keusahawanan, pengetahuan sedia ada, personaliti proaktif, kreativiti keusahawanan, dan pengenalan peluang. Kajian ini juga mengkaji sama ada kewaspadaan keusahawanan dan media sosial menjadi pengantara dan menyederhanakan hubungan di atas. Terdapat keperluan untuk menjalankan kajian kerana terdapat kajian yang membuktikan kesan yang tidak konsisten malah negatif, terutamanya pengaruh media sosial terhadap pengenalan peluang dalam amalan. Tambahan lagi, kajian terdahulu tertumpu terutamanya pada konteks Barat dan dalam organisasi selain daripada usahawan individu, di mana profil demografi sangat berbeza daripada Nigeria. Penyelidikan ini menggunakan persampelan bertujuan dan tinjauan untuk mengumpul data daripada 500 usahawan di Nigeria Barat Daya. Sebanyak 300

soal selidik yang boleh digunakan ditemui, dengan kadar tindak balas sebanyak 60%. Sejumlah ujian, termasuk Ujian Faktor Tunggal Haman, telah dilakukan untuk membatalkan pengaruh bias kaedah biasa. Analisis data dilakukan menggunakan SPSS versi 26 dan menggunakan perisian SmartPLS untuk menilai model pengukuran algoritma PLS. Perisian PLS-SEM digunakan untuk menguji hubungan hipotesis. Kajian menunjukkan bahawa rangkaian sosial keusahawanan, efikasi sendiri keusahawanan, dan kreativiti keusahawanan secara signifikan mempengaruhi pengenalpastian peluang, manakala pengetahuan sedia ada dan personaliti proaktif secara mengejutkan tidak menjejaskan pengenalan peluang dengan ketara. Penemuan mendedahkan bahawa media sosial tidak menjadi pengantara hubungan antara kewaspadaan keusahawanan dan pengenalan peluang. Tambahan pula, ujian pengantaraan menunjukkan bahawa kewaspadaan keusahawanan merupakan pengantara yang penting. Sumbangan teori dan praktikal kajian telah dibincangkan, dan batasan penyelidikan dan cadangan untuk penyelidikan masa depan telah diberikan. Secara keseluruhannya, kajian ini telah memperkayakan literatur sedia ada mengenai pengenalan peluang dan membantu penggubal dasar dan Kerajaan sedia ada untuk kelangsungan dan pembangunan keusahawanan di Nigeria.

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ALERTNESS AND SOCIAL MEDIA**

ABSTRACT

Opportunity identification is a concern among entrepreneurs in South-Western Nigeria. Nigeria is enriched with entrepreneurial opportunities; however, the awareness of the maximal potential of these opportunities has been dampened by some challenges such as lack of access to funding, multiple taxes, unfavorable fiscal policies, poor policy implementation, and registration problems, which have constrained the development of entrepreneurship in Nigeria. Therefore, the issue of opportunity identification is still prevalent among entrepreneurs in Southwestern Nigeria, as many are unable to identify opportunities in their business approach. However, this study examines the relationship between entrepreneurial social network, entrepreneurial self-efficacy, prior knowledge, proactive personality, entrepreneurial creativity, and opportunity identification. This study also examines if entrepreneurial alertness and social media mediate and moderate the above relationship. There is a need to conduct the study since studies are proving an inconsistent or even negative impact, particularly the influence of social media on opportunity identification in practice. Additionally, previous studies focus mainly on the Western context and an organization other than individual entrepreneurs, where the demographic profile varies greatly from that of Nigeria. This research uses purposive sampling and a survey to gather data from 500 entrepreneurs in South-Western Nigeria. A total of 300 usable questionnaires were found, with a response rate of 60%. Data were analyzed using SPSS version 26 and SmartPLS software to evaluate the PLS algorithm's measurement model. PLS-SEM software was used to test the hypothesis relationship. The

study showed that entrepreneurial social network, entrepreneurial self-efficacy, and entrepreneurial creativity significantly affect opportunity identification, while prior knowledge and proactive personality surprisingly did not significantly affect opportunity identification. The findings revealed that social media does not moderate the relationship between entrepreneurial alertness and opportunity identification. Furthermore, the mediation test showed that entrepreneurial alertness was a significant mediator. The study's theoretical and practical contributions were discussed, and limitations of the research and suggestions for future research were given. Overall, this study has enriched the existing literature on opportunity identification and is helpful to policymakers and the Government for the survival and development of entrepreneurship in Nigeria.

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Entrepreneurs are important to the growth and development of the world's economy. Following their important role in job creation and driving social inclusion, efforts to strengthen their contribution must be prioritized by the relevant stakeholders (Wikham, 2004; Asaju et al., 2016; Arshad et al., 2020; Kurniawan et al., 2021). Entrepreneurs create job opportunities that are sacrosanct to economic growth and development. Several goods and services taken for granted were invented by entrepreneurs, such as telephone service, the automobile, the airplane, air conditioning and software (Osolor, 2016).

Nigeria is a country of around 200 million people. However, its current economic situation is marked by low labor force participation, high unemployment, and a significant infrastructure gap, limiting its growth potential (NPC, 2021). Nigeria is a mono-product economy heavily dependent on crude oil for more than 90% of its foreign exchange earnings. It is endowed with large agricultural potential as more than its land is arable. Despite these attributes, Nigeria's economy has struggled to keep up to its little "African largest economy" with dwindling oil production, low standard of living, and the rising cost of goods and services (World Bank, 2020).

The increasing unemployment rate, globalization, and retrenchment in Nigeria have awakened the practice of entrepreneurship as a way out. Moreover, Nigeria's entrepreneurship prowess has for a long time been clear, but despite these entrepreneurship potentials; Nigeria is still classified as one of the poorest countries in the world and has slipped from fourth to twelfth position in the global entrepreneurship

rankings in Sub-Saharan Africa (Global Entrepreneurship and Development Institute's Entrepreneurship Index, 2017).

These drops in entrepreneurship rankings pose a new set of challenges for Nigeria's entrepreneurs (Umukoro & Okurame, 2018), and this situation calls for research to understand better the factors that influence Nigerian entrepreneurial ecosystems. This will enable the government to intensify efforts to improve businesses' operating environment by addressing core issues such as limited access to finance, inadequate infrastructure, and insecurity. Identifying opportunities has been perceived as one of the key strengths of effective entrepreneurs, and likewise, it has become a significant component in the scholarly study of entrepreneurship (Akinriade, 2021). The strength of this identification is embedded in the individual capacity to observe the environment and explore the unrecognized opportunity. Opportunities are the impetus for any entrepreneurial action and potential success. Identifying opportunities is considered a target-oriented process that serves as a means for venture creation. Although the concept of opportunity identification has been discussed extensively within the research community, there is a need to understand how opportunity identification among entrepreneurs in Southwestern Nigeria has been perceived at an individual level (Maine & Dosantos, 2015).

Opportunity identification is an intellectual cycle that empowers individuals to comprehend and distinguish an opportunity and is broadly perceived as a basic part of entrepreneurship (Cheung, 2016). Presently, an opportunity is considered as the business cycle is revealed at a miniature level. The bed rock of opportunity identification has been focused on individual potential. Entrepreneurs develop their expertise with managerial abilities to tap opportunities. However, entrepreneurial alertness has been seen as the major characteristic of other factors, and indeed, the

interplay among other factors, such as prior entrepreneurial knowledge, entrepreneurial social network, and the abilities of entrepreneurs, make it possible to explore opportunities (Web et al., 2011).

An entrepreneur can be creative and hardworking, but entrepreneurial activities cannot occur without identifying opportunities. Despite the wide range of research presented in the entrepreneurship literature on opportunity identification, some gaps still need to be addressed. The most significant of these is that too few studies highlight how opportunities can be identified in the context of entrepreneurs in South-Western Nigeria. Entrepreneurs need an understanding of how opportunities are considered valuable (Ding, 2019), and what factors influence opportunity identification. With a clear understanding of the factors that influence opportunity identification, entrepreneurs can increase the likelihood that profitable opportunities can be found (Ferreira et al., 2019).

Most entrepreneurs are driven by success, which assists them in identifying opportunities (Wasdani & Mathew, 2014). Individuals with a unique understanding of the value of various options, which leads to entrepreneurial profits, create entrepreneurial opportunities (Wasdani & Mathew, 2014). Identifying opportunity is a necessary step in the business process. Individuals who possess this ability have a higher proclivity for entrepreneurship than those who do not (Verma & Mehta, 2020). Entrepreneurial practices cannot exist without opportunity, whether created or discovered, even though individuals possess characteristics that contribute to the success of the venture development process (Short et al., 2010).

Scholars who are involved in the entrepreneurship domain have agreed that opportunity identification remains the heartbeat of entrepreneurship (Short et al., 2010) as it is evident that Kirzner was the first to discuss the idea of entrepreneurial alertness (1973, 1979), who explained that only alert individuals were able to identify opportunities. To understand opportunity identification, the philosophy of entrepreneurship places a greater focus on entrepreneurial alertness (Ardichvili et al., 2003; Chea, 2009; Kirzner, 2009a; Mitchell et al., 2007; Ozgen & Baron, 2007; Tang & Murphy, 2012; Yu, 2001; Zhu et al., 2009). Scholars as Cooper et al. (1995) have identified different factors contributing to identifying new business ventures, especially among entrepreneurs.

In building and developing a business, an entrepreneur must be able to find, recognize, and realize the opportunities in his environment. In the case of Nigeria, some published studies have been reported on opportunity identification (Afolabi, 2017; Akinyemi & Adejumo, 2018; Ogadimma, 2015; Olanrewaju et al., 2020; Omoregie, 2017; Yomi & Kee, 2020). Afolabi et al. (2017) discovered that the absence of a social network, insufficient capital, unfriendly government policies like registration procedure, and tax system leads to heightened vulnerability for opportunity identification. Yomi and Kee (2020) reported that opportunity identification is an uninterrupted cycle that supports a venture's pre-start, survival, and growth, concentrating more on the social network, prior knowledge, self- efficacy, proactive personality, and creativity significant influence on opportunity identification.

Although the concept of opportunity identification has been discussed extensively within the research community, there is need to understand how opportunity identification among entrepreneurs have been perceived at individual level (Maine & Dosantos, 2015) particularly in South-West Nigeria where Business

Performance and Perception of opportunities are expected to be ranked the highest but was relatively low as indicated in Figure 1.1. Moreover, too few studies highlighted how opportunities can be identified and their influencing factors in the context of entrepreneurs in South-Western Nigeria. However, studies focusing on factors that could influence opportunity identification among entrepreneurs are increasingly becoming inevitable. Apart from agriculture as the mainstay of economic activities for most rural communities, the zone is also known for its commerce and trading activities with a preponderance of micro, small and medium indigenous industries that are into manufacturing, fabrication, and agro-allied produce. Agriculture thrives very well in the area because the zone is endowed with fertile land. Also, economically, the South West's urban areas—mainly the cities of Lagos and Ibadan contribute greatly to the Nigerian economy. The region has a population of about 47 million people, around 22% of the country's total population (NBC, 2019).

These features make the South-West an ideal region for business opportunities. Thus, understanding the factors influencing the opportunity identification of entrepreneurs in this zone will go a long way in promoting entrepreneurship in Nigeria. Entrepreneurs need an in-depth understanding of how opportunities are considered valuable (Ding, 2019), and what factors influence opportunity identification. With a clear understanding of the factors that influence opportunity identification, entrepreneurs can increase the likelihood that profitable opportunities can be found (Ferreira et al., 2019).