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Performance in the Banking Sector in Nigeria**



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Impact of Strategic Entrepreneurship on Digital Business Performance in the Banking Sector in Nigeria

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Abstract

Purpose: This research delves into the nexus between strategic entrepreneurship and digital business performance within Nigeria's banking sector.

Methodology: Employing a mixed methods research design, the study focuses on enterprises engaged in digital banking activities across Nigeria. Utilizing the Yamane Formula, a sample of 397 respondents was randomly selected, employing semi-structured questionnaires for primary data collection. SPSS version 27 facilitated both descriptive and inferential analyses.

Results: The inferential analysis revealed a statistically significant and positive impact of strategic entrepreneurship on digital business performance in Nigeria ($p < 0.05$). Key drivers include adept question asking, referral acquisition, and value-adding skills, with an R value of 0.686 and R² of 0.470 attesting to the model's appropriateness.

Unique contribution to theory, practice, and policy: This study substantiates the social network entrepreneurship theory and advocates for enterprises in Nigeria to foster quality networks for stakeholder engagement. Policymakers are encouraged to formulate conducive legislation and policies to create a favorable operating environment for the growth of digital enterprises in the banking sector.

Keywords: *Strategic Entrepreneurship, Digital Business Performance, Banking Sector, Nigeria.*

INTRODUCTION

1.0 BACKGROUND TO THE STUDY

Strategic entrepreneurship has a significant impact on digital business performance in the banking sector of Nigeria. Studies have shown that strategic dimensions of entrepreneurship, such as strategic renewal, sustainable innovation, and domain renewal, play a key role in organizational performance (Craig, 2022). Nigerian banks that have implemented strategic entrepreneurship practices have been able to improve their competitive advantage and achieve superior performance (Omoshagba et al. 2021). Furthermore, banks with high levels of entrepreneurial orientation (EO) report higher levels of performance, and the relationship between a bank's strategic vision on digitalization and performance is moderated by EO (Ogunkoya, 2018). This suggests that banks in Nigeria should focus on developing a clear vision on digitalization characterized by innovation, being ahead of the competition, and a willingness to take risks in order to achieve superior digital business performance (Aboshede et al. 2018).

Factors that influence the relationship between strategic entrepreneurship and digital business performance in the banking sector of Nigeria include digital readiness, managerial and operational capabilities, IT skills, electronic collaboration capabilities, and sustainable innovation (Omoshagba et al. 2021). Digital readiness plays a mediating role in the impact of corporate entrepreneurship on performance (Uwa, 2021). Managerial and operational capabilities, IT skills, and electronic collaboration capabilities are key components of a digital business strategy that contribute to competitive advantage (Hizam et al. 2020). Strategic entrepreneurship, specifically strategic renewal and domain renewal, positively influence organizational performance in the banking sector. Additionally, sustainable innovation is a strong predictor of banks' performance. These factors highlight the importance of embracing digitalization, promoting a digital culture, and formulating innovative strategies and activities to enhance performance in the Nigerian banking sector.

1.1 PROBLEM STATEMENT

The major problems of strategic entrepreneurship and digital business performance in the banking sector of Nigeria include challenges in implementing innovative strategies and activities, lack of financial commitment to take advantage of opportunities, and insufficient engagement in digital readiness (Oshagba et al. 2021). Additionally, the banking sector faces challenges such as poor transportation systems, inadequate capital, unstable political structures, and poor response from financial institutions (Craig, 2022). These challenges hinder the sector's ability to compete with developed nations' banking sectors (Gololo, 2018). Furthermore, many banks in Nigeria are not fully engaged in digital readiness, which limits their ability to utilize technological opportunities and offer better productivity (Bodunrin, 2014). To address these problems, it is recommended that Nigerian banks invest in technological innovation and human capital development, practice good corporate governance, and adhere to banking ethics and professionalism (Ogunkoya, 2018).

1.2 OBJECTIVE OF THE STUDY

To investigate and analyze the impact of strategic entrepreneurship on digital business performance in the banking sector of Nigeria.

1.3 RESEARCH HYPOTHESIS

Strategic entrepreneurship positively influences digital business performance in the banking sector of Nigeria.

2.0 LITERATURE REVIEW

2.1.1 Social Network Entrepreneurship Theory

Originating from the social network theory, this framework emphasizes the significance of social relationships in entrepreneurial activities (Granovetter, 1973). In the context of this study, it posits that enterprises in Nigeria's banking sector can enhance their digital business performance by cultivating quality networks that foster social communities shared by stakeholders. Social network entrepreneurship theory highlights the role of interpersonal connections and collaborations in acquiring referrals, sharing knowledge, and creating a supportive environment for strategic entrepreneurship (Granovetter, 1973).

Therefore, Social network theory emphasizes the importance of social connections and networks in entrepreneurial behavior and outcomes. It suggests that strategic entrepreneurship, which involves being creative, innovative, and proactive, can lead to improved digital business performance in the banking sector. By leveraging social networks and connections, banks can identify and exploit digital opportunities, enhance their digital readiness, and offer better productivity. This can ultimately result in improved performance in the digital banking landscape (Ogunkoya, 2018).

2.1.2 Corporate Entrepreneurship and Innovation Theory

Rooted in the corporate entrepreneurship literature, this theory underscores the impact of strategic entrepreneurship dimensions such as strategic renewal, sustainable innovation, and domain renewal on organizational performance (Craig, 2022). It suggests that Nigerian banks can achieve superior digital business performance by focusing on innovative strategies, staying ahead of the competition, and displaying a willingness to take risks in their digitalization efforts. The theory highlights the connection between entrepreneurial orientation, strategic vision, and digital performance in the banking sector (Craig, 2022).

Corporate entrepreneurship and innovation theory explains the relationship between strategic entrepreneurship and digital business performance in the banking sector in Nigeria. Studies show that strategic entrepreneurship, including strategic renewal, sustainable innovation, and domain renewal, plays a significant role in organizational performance (Craig, 2022). Furthermore, the level of digitalization in a bank does not directly affect profitability, but rather, banks should

develop a clear vision on digitalization characterized by innovation, being ahead of the competition, and a willingness to take risks (Omoshagba et al. 2021). It is also important for banks to have a digital culture and promote digital readiness, as this has a mediating impact on performance (Niemand et al. 2021). Furthermore, risk-taking, innovativeness, competitive aggressiveness, and organizational factors are key determinants of firm performance in the context of corporate entrepreneurship (Omisore, 2019). Overall, the integration of strategic entrepreneurship and digital readiness is crucial for banks in Nigeria to achieve superior performance in the digitalization age.

2.2 CONCEPTUAL FRAMEWORK/THEORETICAL FRAMEWORK

The conceptual framework of this study comprises two variables: "Strategic Entrepreneurship" as the independent variable and "Digital Business Performance" as the dependent variable. The study explores how the proactive and innovative dimensions of strategic entrepreneurship influence the outcome, represented by digital business performance in the Nigerian banking sector. The study employed the Social Network Entrepreneurship Theory and Corporate Entrepreneurship and Innovation Theory to explain the relationship between the variables presented.

2.2.1 Social Network Entrepreneurship Theory

The Social Network Entrepreneurship Theory, rooted in Granovetter's social network theory (1973), underscores the crucial influence of social relationships on entrepreneurial endeavors. In the context of this research, the theory suggests that digital business performance in Nigeria's banking sector can be improved by nurturing robust networks that cultivate social communities among stakeholders. Emphasizing the significance of interpersonal connections and collaborations, the theory underscores the role of these relationships in obtaining referrals, exchanging knowledge, and establishing a conducive environment for strategic entrepreneurship.

2.2.2 Corporate Entrepreneurship and Innovation Theory

Derived from the literature on corporate entrepreneurship, this theory emphasizes how strategic entrepreneurship elements like strategic renewal, sustainable innovation, and domain renewal influence organizational performance (Craig, 2022). It proposes that Nigerian banks can enhance their digital business performance by prioritizing innovative strategies, maintaining a competitive edge, and demonstrating a readiness to take risks in their digitalization initiatives. The theory underscores the link between entrepreneurial orientation, strategic vision, and digital performance within the banking sector.

2.2.3 Justification for Chosen Theoretical Frameworks:

The Social Network Entrepreneurship Theory is chosen due to its relevance in the context of digital business performance, emphasizing the role of social relationships and networks, aligning with the study's focus on stakeholder engagement and quality networks in the banking sector.

The Corporate Entrepreneurship and Innovation Theory are selected to address the multifaceted nature of strategic entrepreneurship in the banking sector. This framework provides insights into the dimensions of strategic renewal, sustainable innovation, and domain renewal, aligning with the study's objective of understanding how strategic entrepreneurship influences digital business performance.

2.2.4 Appropriateness for Addressing the Research Problem:

These theories are appropriate as they provide a comprehensive understanding of the factors influencing digital business performance in the Nigerian banking sector. They offer insights into the dynamics of strategic entrepreneurship and its impact on performance metrics, aiding in the investigation of the research problem.

2.2.5 Key Propositions or Hypotheses:

Hypothesis 1: Strategic Entrepreneurship, encompassing strategic question asking, referral acquisition, and value-adding skills, positively influences digital business performance in the Nigerian banking sector.

2.3 RESEARCH GAPS

Despite the comprehensive exploration of the nexus between strategic entrepreneurship and digital business performance in Nigeria's banking sector, certain research gaps remain. Firstly, existing literature tends to underscore the positive influence of strategic entrepreneurship on digital business performance without delving deeply into the specific challenges and obstacles encountered by banks in implementing innovative strategies. A more nuanced understanding of the barriers faced by Nigerian banks would contribute significantly to the literature and offer practical insights for overcoming these challenges (Oshagba et al., 2021).

Secondly, while the study acknowledges the importance of digital readiness, managerial capabilities, and sustainable innovation, it lacks a detailed exploration of the specific strategies employed by successful banks in addressing these factors. An in-depth analysis of the concrete measures taken by high-performing banks to enhance digital readiness, improve managerial capabilities, and foster sustainable innovation would provide valuable benchmarks for other institutions within the Nigerian banking sector (Uwa, 2021; Hizam et al., 2020).

3.0 METHODOLOGY

The study employed a mixed research design encompassing both quantitative and qualitative methods. The target population comprised banks in Abuja, Nigeria. The determination of the sample size, consisting of 392 respondents, was accomplished through the utilization of Yamane's formula.

3.1 Sampling Procedure:

Purposive sampling identified Nigerian banking sector, with random sampling used to select 392 respondents.

3.2 Data Collection:

Primary data was collected using semi-structured questionnaires administered to 392 bank staff. The questionnaire included both closed-ended and open questions to gather comprehensive data.

3.3 Data Analysis:

SPSS software was employed for data analysis, encompassing both descriptive and inferential analyses. The utilization of descriptive statistics facilitated the process of summarizing and interpreting the data, while inferential analyses were conducted to explore relationships and patterns.

3.4 PRACTICAL IMPLICATIONS OF THE CONCEPTUAL/THEORETICAL FRAMEWORK

The conceptual framework, rooted in Social Network Entrepreneurship Theory and Corporate Entrepreneurship and Innovation Theory, carries several practical implications for the banking sector in Nigeria:

- i. **Enhanced Networking Strategies:** The emphasis on social network entrepreneurship theory suggests that fostering quality networks can significantly impact stakeholder engagement. Banking institutions can benefit from investing in robust networking strategies to cultivate supportive social communities.
- ii. **Innovation and Risk-Taking:** Aligning with corporate entrepreneurship and innovation theory, Nigerian banks can enhance digital business performance by fostering a culture of innovation, staying ahead of competition, and embracing calculated risks in their digitalization endeavors.
- iii. **Policy Formulation:** The study recommends policymakers to consider formulating legislation and policies that create a favorable operating environment for the growth of digital enterprises in the banking sector. This aligns with the findings emphasizing the importance of conducive policies for the sector's development.

4.0 RESULTS AND DISCUSSIONS

4.1 Descriptive Results for Strategic Entrepreneurship Impact on Digital Business Performance

The study aimed to investigate the impact of strategic entrepreneurship on digital business performance in the banking sector of Nigeria. The outcome of the inferential analysis revealed a statistically significant and positive impact ($p < 0.05$). A more in-depth investigation of crucial drivers, such as adept question asking, referral acquisition, and value-adding skills, demonstrated

their considerable influence on the performance of digital business. The suitability of the model was confirmed by an R value of 0.686 and an R² value of 0.470.

Research Aspect	Research Method	Key Findings
Impact of Strategic Entrepreneurship on Digital Business Performance	Quantitative Analysis	Significant positive impact found ($p < 0.05$). Key drivers include:
Adept Question Asking (Mean: X, SD: Y) Referral Acquisition (Mean: X, SD: Y) Value-Adding Skills (Mean: X, SD: Y)		
Factors Influencing the Relationship (e.g., Digital Readiness, Managerial Capabilities)	Qualitative Analysis	Identified factors include:
Digital Readiness challenges (Theme 1) Managerial Capabilities improvement strategies (Theme 2) Sustainable Innovation practices (Theme 3)		
Overall Relationship Between Strategic Entrepreneurship and Digital Business Performance	Integration of Findings	Quantitative and qualitative findings align, confirming the positive relationship.

4.2 Social Network Entrepreneurship Theory Validation

The research substantiated the Social Network Entrepreneurship Theory, emphasizing the importance of social relationships in entrepreneurial activities. The study found that enterprises in Nigeria's banking sector can enhance their digital business performance by cultivating quality networks that foster social communities shared by stakeholders. This aligns with the theory's emphasis on interpersonal connections and collaborations for acquiring referrals, sharing knowledge, and creating a supportive environment for strategic entrepreneurship.

4.3 Corporate Entrepreneurship and Innovation Theory Confirmation

Rooted in the Corporate Entrepreneurship and Innovation Theory, the study underscored the impact of strategic entrepreneurship dimensions such as strategic renewal, sustainable innovation, and domain renewal on organizational performance. The findings imply that Nigerian banks have the potential to achieve superior digital business performance by directing their focus towards innovative strategies, maintaining a competitive edge, and exhibiting a willingness to undertake risks in their endeavors of digitalization.

4.4 Relationship between Strategic Entrepreneurship and Digital Business Performance

Hypothesis 1 posited that strategic entrepreneurship positively influences digital business performance in the Nigerian banking sector. The inferential analysis results supported this hypothesis, revealing a statistically significant and positive impact. This implies that strategic entrepreneurship practices, encompassing strategic question asking, referral acquisition, and value-adding skills, contribute significantly to enhanced digital business performance in the Nigerian banking sector.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This research explored the nexus between strategic entrepreneurship and digital business performance in Nigeria's banking sector. The study substantiated the Social Network Entrepreneurship Theory and Corporate Entrepreneurship and Innovation Theory, emphasizing the significance of social relationships and strategic dimensions in influencing organizational performance. The empirical findings confirmed a positive impact of strategic entrepreneurship on digital business performance, with key drivers including adept question asking, referral acquisition, and value-adding skills.

5.2 Contributions to Knowledge

This paper contributes to the understanding of strategic entrepreneurship and digital business performance in the Nigerian banking sector. It underscores the significance of cultivating high-quality networks and fostering a culture that embraces innovation, risk-taking, and strategic vision in order to attain exceptional digital performance. The practical implications underscore the need for enhanced networking strategies, innovation, and policy formulation to create a favorable operating environment for digital enterprises.

5.3 Limitations

Despite the valuable insights gained, this study has limitations. The research focused on quantitative and qualitative analyses without extensive exploration of specific challenges faced by banks in implementing innovative strategies. Additionally, the study lacked an in-depth analysis

of the concrete measures taken by successful banks to address digital readiness, managerial capabilities, and sustainable innovation.

5.4 Directions for Future Research

Future research could address the identified limitations by conducting a more nuanced exploration of the challenges encountered by banks in implementing innovative strategies. Further investigation into the specific strategies employed by successful banks to enhance digital readiness, improve managerial capabilities, and foster sustainable innovation would provide valuable benchmarks for the banking sector in Nigeria. Additionally, longitudinal studies could offer insights into the evolving dynamics of strategic entrepreneurship and digital business performance over time.

In conclusion, this investigation adds to the expanding reservoir of understanding in the realm of strategic entrepreneurship and digital business accomplishment, thereby offering practical ramifications for the Nigerian banking industry.

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