



**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**MSC IN ACCOUNTING AND FINANCE DISTANCE PROGRAM**

**The Effect of Entrepreneurial Orientation on Business Performance: The  
Case of Selected Private Commercial Banks in Ethiopia**

**(Msc Thesis Research)**

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# **The Effect of Entrepreneurial Orientation on Business Performance: The Case of Selected Private Commercial Banks in Ethiopia**

By  
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## Declarations

I hereby declare that the project entitled “The Effect of Entrepreneurial Orientation on Business Performance: The Case of Selected Private Commercial Banks in Ethiopia” is my original work and submitted for the award of the Degree of Masters of Science in Accounting from Addis Ababa University College of Business and Economics at Addis Ababa.

I also confirm that it has not been presented for the award of any other Degree of any other University or institution and that all sources of material used for the study have been duly acknowledged.

Made by Sileshi Tigabue Bayeh Signature.....

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June, 2023



## **Certification**

### **Addis Ababa University**

#### **College of Business and Economics**

This is to certify that the project made by Sileshi Tigabue entitled “The Effect of Entrepreneurial Orientation on Business Performance: The Case of Selected Private Commercial Banks in Ethiopia” and submitted to partial fulfillment of the requirement of the award of Masters of Science Degree in Accounting and Finance with regulation of the University and meets the accepted standards with respect to its originality and quality.

Signed by the examining Committee

Advisor Habtamu Berhanu (PhD.)      Signature..... Date.....

Internal Examiner ..... Signature..... Date.....

External Examiner ..... Signature..... Date.....

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## *Abstract*

*The purpose of this research was to study the Effect of Entrepreneurial Orientation on Business Performance in Selected Private Commercial Banks in Ethiopia”. The study employed explanatory research design. Both primary and secondary data have been collected and the analysis was made by using the qualitative and quantitative approaches. The total number of targeted population was 281 and the total sample size was 100 with response rate of 80%. Descriptive, Pearson correlation and multiple regression analysis have been applied to analyze the dimensions of Entrepreneurial Orientation (Bank Innovation, Risk-Taking, Pro-activeness, Competitive Aggressiveness, and Autonomy) on Business Performances. The result of the analysis showed the perception of respondents for both independent and dependent variables were significant with at least moderate level of correlation. As per the regression analysis, the independent variables predicted only 42% and the remaining 58% of business performance was predicted by other extraneous variables. The linear regression analysis has also indicated that among the five independent variables, the relationship of innovation with business performance was negative. The hypothesis test showed that most of them were rejected except for H4 and H6 of the study. The study also revealed that among the selected six private commercial banks, the level of entrepreneurial orientation in Abyssina and Hibret banks was in low.*

*The study further suggested each bank to design a strategy for investment, market share growth in deposit and profit. The strategy would be helpful to maximize returns on investment, to cope up the challenges for market share seizing opportunities in the market and optimize their profitability considering the aggressiveness of other banks.*

*Lastly, the researcher recommends to carryout similar study using mixed methods of research supported with interviews and focus group discussions, or a comparative study on different types of bank tiers, or an in-depth study on each of the entrepreneurial orientation dimensions on business performance.*

**Key Words:** *Business Performance, Entrepreneurship, Entrepreneurial Orientation, Innovation, Risk-Taking, Pro-activeness, Competitive Aggressiveness, Autonomy.*

## **CHAPTER ONE**

### **INTRODUCTION**

This chapter introduces about the Effect of Entrepreneurial Orientation on Business Performance in the Case of selected private commercial banks in Ethiopia. It comprises of background of the study, statement of the problem, objectives, research questions, Hypotheses of the Study, significance, scope, limitation and organization of the study.

#### **1.1. Background of the study**

In this part the study paper discussed about the banking sector in Ethiopia and its level of competency. In addition Entrepreneurial Orientation and Business Performances and their respective dimensions are discussed.

##### **1.1.1. Banking Sector in Ethiopia**

Ethiopian banking sector has been registering remarkable growths parallel to the country's consecutive economic growths that have been registered for almost two decades, supported by Growth and Transformation Plans, and the Homegrown Economic Agenda of the country. Currently, the country has launched a ten years development plan, dubbed "a pathway to prosperity". It is a blueprint for the country's journey of being the African beacon of prosperity. It has mentioned technological capability and digital economy as one of the pillars to ensure the intended aspiration of the country.

Ethiopian Banking sector is known for its contrasting forms and features. The sector is dominated by a government owned as above 50% of the market share is owned by a government bank. In contrast, this sector is described as capitalist segments of the economy since there is strong competition for customers, high executive fringe benefits, activist shareholders closely tracking dividend pay-outs, and eager foreign suitors waiting for merger and acquisition opportunities. On the other hand, the sector is perhaps one of the economy's most heavily regulated sub-sectors as it is highly regulated by the National Bank of Ethiopia. The sector also exhibits many laissez-faire elements as banks are free to charge what they want for loans or forex fees.

The number of banks operating in Ethiopia, as of the reporting period of June, 2021, reached 19. These banks have opened about 7,344 branches and hence population to bank branch ratio reached about 14.000:1. In terms of concentration about 34.5 percent of the total bank branches were found in Addis Ababa. Of the total bank branches, the share of state owned banks was 27.3 percent and that of private banks 72.7 percent. In parallel, depositor numbers have reached to over 71.6million (the share of CBE is 50%).

### **1.1.2. Competency of Ethiopian Banks**

Though, the Ethiopian banking sector is considered as a big regional giant by registering about Birr 1.8 trillion total assets, according to African Business Report, only two Ethiopian Banks managed to gain a place in the top 100 African banks from the overall ranking list in 2020. Government owned Commercial Bank of Ethiopia holds a 2nd position in East Africa and a 26th place in Africa. The other Ethiopian largest privately owned commercial bank, Awash, managed to get a 13th place in East Africa and a 83rd place in Africa. The major parameters used for the ranking were total asset position, total capital, net earnings and return on capital.

Cognizant of the country's economic reforms, the banking sector that has been locked for foreign investors so far will be opened in the future. Hence, the competition that has been delineated among domestic banks will face a challenge. According to the East African Banking survey done by PricewaterhouseCoopers (PWC) in 2019, the main change agents of the banking industry that will present both challenges and opportunities are regulation, technology, customer expectations, greater competition and consolidation. The survey remarked that banks need to get ahead of these changing circumstances and are required to make hard choices about which customers to serve, how to win and what to offer. Banks also need to build and grow their organizations around the customer, as well as simplify and structurally reduce costs.

The other report made by Deloitte in 2021 states that East African banks are being forced to rethink how they operate their businesses, in order to remain relevant. Bankers who have been relying on traditional methods are under pressure to transform their business and operating models through adopting innovative and digitalized activities.

Further the report discovered that prior to the endemic COVID-19; the financial industry was evolving at a steady pace, motivated mainly by changing consumer expectations, heightened competition, evolving regulations and advancements in technology. Subsequently, the effect of

COVID-19 has changed the behavior of customers and forced to financial services to be online. Further, to withstand any expected crises intuitions need to be build agility and resilience. Moreover, the future of banking involves innovating ways to make a consumer's daily life easier. Banks will have to create or select the right platforms that bring the most distinctive and personalized user experience.

Hence, both the surveys and the reports encourage leaders to think strategically to build Entrepreneurial Orientation that can enhance performance across an organization and to be resilient coping difficult situations. Entrepreneurial Orientation (EO) is also a key concept when executives are crafting strategies in the hopes of doing something new and exploiting opportunities that other organizations cannot exploit it easily.

### **1.1.3. Entrepreneurial Orientation**

The idea of Entrepreneurial orientation has received a lot of attention recently (Rauch et al., 2009). It is defined as the entrepreneurial behavior of an organization that can be explained through its day-to day activities, strategies, and processes (Lumpkin and Dess, 1996). Miller (1983) defines entrepreneurial firm as one that takes risks, innovates, and is proactive. EO can also be defined as one of the strategic orientations of an organization that describes the extent of entrepreneurial activities that is undertaken by the organization (Covin and Wales, 2012). According to Pearce, Fritz, and Davis (2010), EO viewed as a set of behaviors that have the qualities of risk taking, innovativeness, pro-activeness, autonomy, and competitive aggressiveness (Covin and Wales, 2012). It has been also defined as a strategic orientation that an organization uses to adapt to changing business environment and to ensure sustainable competitive advantage over its competitors (Karacaoglu et al., 2012).

### **1.1.4. Business Performance**

According to Dawes, 1999 and Harris, 2011, Business performance (BP) has viewed as the analysis of a company's performance as compared to its goals and objectives. On the other hand, Reh (1998) BP refers to actions of today that will lead to measured value outcomes tomorrow, therefore to measure performance there needs to be a benchmark to compare with. A firm measure performance for a number of reasons among them to:

- Monitor and control, drive improvement, align with business goals and objectives;

- Maximize effectiveness of improvement efforts, reward and discipline amongst other factors.

However, the aspects to be measured must be in line with the goals of the business and have a strategic implication to it.

A firm's economic performance is generally explained using two primary dimensions growth and profitability according to Gani, Rahbi, & Ahmed, 2021. As per Dess & Lumpkin, 2005, the most commonly used dimensions to measure performance are efficiency, growth, and profit. Murphy, Trailer, & Hill, 1996 also measure business performance with these three dimensions of efficiency, growth, and profit. Hence, this research will use these commonly used dimensions to measure business performances.

## 1.2. Statement of the Problem

The Ethiopian Banking system is characterized as a government dominant since significant portion of the market share has been held by Commercial Bank of Ethiopia.<sup>1</sup> However, the competition among the banks is stiff and they are expected to face more challenges from foreign banks as the banking sector will open up.

Various surveys show that the Ethiopian Banks competitiveness, especially the private ones, with other banks in African continent is low.<sup>2</sup> Moreover, Ethiopian banks should be transformed and need to improve their business and operating models by adopting innovative digital ways. Also, they need to get ahead of the changing circumstances by building and grow their organizations being agile, innovative and adaptable to deal with emerging circumstances.<sup>3</sup>

As shown in the article 2.2.6 of this study, some researches confirmed that firms that have built strong entrepreneurial orientations are more competent and exceeding in their performances. On the other hand, some other empirical findings found out that entrepreneurial orientation may be deficient in predicting firm performance. Some other researchers also confirmed for a positive relationship between entrepreneurial orientation and organizational performance. Still other researchers found out a negative entrepreneurial orientation-performance relationship.

This vagueness gives room for further research to find out the relationship between entrepreneurial orientation and organizational performance. Thus, this research carried out the

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<sup>1</sup> (National Bank of Ethiopia, June 30, 2021)

<sup>2</sup> (PwC;Deleiotte, 2019;2021)

<sup>3</sup> (Deleiotte, 2021/22)

level of Entrepreneurial Orientations and its effect on Business Performances in Selected Ethiopian Private Commercial Banks as their level of competency is lower as compared with the rest of other African Banks.<sup>4</sup>

### **1.3. Objective of the Study**

The study seeks to achieve the following general and specific objectives:

#### **1.3.1. General Objective**

The main objective of this study is to examine the effect of Entrepreneurial Orientation on Business Performances in selected private Ethiopian Commercial Banks.

#### **1.3.2. Specific Objectives**

The specific objectives of this proposal are to study:

- 1.3.2.1. The effect of Innovativeness on Business Performances in selected Ethiopian Private Commercial Banks.
- 1.3.2.2. The effect Risk taking on Business Performances in selected Ethiopian Private Commercial Banks.
- 1.3.2.3. The effect Pro-activeness on Business Performances in selected Ethiopian Private Commercial Banks.
- 1.3.2.4. The effect Competitive Aggressiveness on Business Performances in selected Ethiopian Private Commercial Banks.
- 1.3.2.5. The effect Autonomy on Business Performances in selected Ethiopian Private Commercial Banks.
- 1.3.2.6. The level of Entrepreneurial Orientation among selected Ethiopian Private Commercial Banks.

### **1.4. Research Questions**

The study has been conducted in selected private Ethiopian Commercial Banks to answer the following research questions;

- What is the impact of entrepreneurial orientation on business performance?
- Do Banks significantly differ in their level of entrepreneurial orientations?

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<sup>4</sup> (Pwc; Deleiotte, 2019;2021)

## **1.5. Hypotheses of the Study**

For the purpose of examining the relationship between entrepreneurial orientation and competitive advantage in Ethiopian Commercial Banks, following hypotheses have been proposed:

H1: Innovativeness has significant positive relationship with Bank's Performances.

H2: Risk Taking has significant positive relationship with Bank's Performance.

H3: Pro-activeness has significant positive relationship with Bank's Performance.

H4: Competitive Aggressiveness has significant positive relationship with Bank's Performance..

H5: Autonomy has significant positive relationship with Bank's Performance.

H6: There is significant difference in the level of entrepreneurial orientation among Selected Private Ethiopian Commercial Banks.

## **1.6. Significance of the Study**

The Entrepreneurial Orientation and its effect on Business performances is becoming an important research field. Accordantly, stated below are the substances of this study:

### **1.6.1. Scientific Importance**

- It will supplement the literature related to entrepreneurial orientation, and will contribute its share to researchers and academicians interested in the field of entrepreneurship.
- It will fill the knowledge gap in the empirical literature to investigate the relationship between EO and BP in the context of Ethiopian Commercial Banks.
- In addition, it could be used as a source for further research in the banking industry and other non-bank institutions in Ethiopian Context.

### **1.6.2. Practical Importance**

Entrepreneurially oriented firms modify and transform the environment and enthusiastically execute resources to accomplish uncertain opportunities. As coated by Miller D. (1983), "an entrepreneurial firm is one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with 'proactive' innovations, beating competitors to the punch". Thus, the research helps to understand the level of entrepreneurial orientation and its

contribution in creating competitive environment. This helps to design strategic leadership activities to improve competitiveness and advance performances.

### **1.7. Scope of the Study**

This study proposal is to examine the Effect of Entrepreneurial Orientation on Business Performances in Selected Ethiopian Private Commercial Banks for academic purpose. The data for this research has been collected from the selected commercial banks; thus, the findings cannot be generalized beyond this domain.

It is well known that business performances can be measured using various dimensions. In this study, the researcher adopted the study of Murphy, Trailer, & Hill, 1996 to measure firm performance using three dimensions i.e. efficiency, growth, and profitability.

### **1.8.Limitations**

While reviewing researches, there were few studies which have been conducted in the Ethiopian environment in the field of entrepreneurial orientation particularly in the banking sector to adequately analyze the theme of the study from Ethiopian context.

### **1.9. Organization of the Study**

The research project has been organized into five chapters. The first chapter comprised of the general background of the study, background of banking industry, problem statement identifying the gaps to be addressed, the research questions, significance, scope and delimitation of the research.

The second chapter dealt with reviewing of related literatures on entrepreneurial orientations and business performance including the conceptual and theoretical framework on the subject.

Chapter three discusses about the research methodology including research design, sample design, data collection techniques, and data reliability test and data analysis.

Chapter four comprised of result and discussion of findings and interpretations. The final one, chapter five, draws summary of findings and conclusions and discussions on research questions and hypothesis and forward recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter presents the review of related literatures in the area of Entrepreneurial Orientation and Business Performances so as to enable readers to better understand the subject matter. Strategic dimensions of both Entrepreneurial Orientations and Business Performances have been explained in addition to the theoretical and empirical reviews of the study.

#### **2.1. Theoretical Literature**

The theories that have been briefly discussed in this part of the study include the Schumpeter's Innovation Theory, Resource Based Theory, Market Power Theory, and Efficient Structure Theory as indicated below.

##### **2.1.1. Schumpeter's Innovation Theory**

Schumpeter introduced the concept of "creative destruction" wherein resources can be gained through introducing disruptive innovative products and services. Hence, innovation is a specific tool for entrepreneurs. This thinking has been pronounced by various scholars and researchers (Drucker 1985; Lumpkin and Dess, 1996; Shane, Covered and Westhead, 1991). In this turbulent world, innovation plays a significant role for economic development in general and for firms' sustainability and success (Ling, et al. and Currie, et al., 2008) in particular.

##### **2.1.2. Resource Based Theory**

According to this theory, the performance of firms is highly influenced by the resources they controlled. Hence, firms that owned key and unique resources that give them more competitive advantage are more beneficial. According to Barney (1991) a firm resource additionally must be; valuable, rare, and imperfectly imitable and the firm is organized to capture value in order to be a source of sustainable competitive advantage. Hence, a firms' ability to compete may be determined by the resources that they have at their disposal. This study will use the RBV theory to analyze the performance of commercial banks and competitiveness in the market.

### **2.1.3. Market Power Theory**

According to this theory, those businesses that controlled the market are more powerful in the competition. Businesses with differentiated products and services, or ease of search are more beneficial according to this theory. This theory categorizes Information Communication and Technology investments into Market-Power driven initiatives profit. Moreover, the hypothesis suggests that only firms with large market share and well differentiated portfolio can win their competitors and earn monopolistic profit.

### **2.1.4. Efficient Structure Theory**

Efficiency structure theory suggests that enhanced managerial and scale efficiency leads to higher concentration and then to higher profitability. According to Olweny and Shiphoh (2011) balanced portfolio theory also added additional dimension into the study of bank performance. It states that the portfolio composition of the bank, its profit and the return to the shareholders is the result of the decisions made by the management and the overall policy decisions.

## **2.2. Empirical Literature**

In this part of the study, different literature review are made concerning entrepreneurial orientation and their dimensions; business performances and their dimensions; the relationship of each entrepreneurial dimensions on business performance; and finally the gap that will be filled in this study paper has been identified.

### **2.2.1. Entrepreneurial Orientation**

It may not be possible to transform all managers into entrepreneurs. However, it is possible for managers and their organizations to possess an entrepreneurial orientation. The EO has been defined as the processes, practices and decision-making system of an organization that acts in an entrepreneurial way (Lumpkin and Dess 1996).

The concept of EO explains the characteristics of the firm's management team involving the key elements of entrepreneurial behavior. This is an essential knowledge and capability to organize key resources and competencies of a firm to deal with the opportunities and threats found within the firm's task environment. This entrepreneurial approach, in turn, can enhance the firm's overall performance.

The basic thing here is the management team's ability for innovativeness and risk taking ability to achieve strategic goals. More importantly to enhance the firm's performance ability, Managers need to be pro-active and capable of working autonomously within competitive environments that might be complex, uncertain, dynamic and turbulent (Covin and Slevin 1989).

Entrepreneurial orientation is conceptualized and operationalized as a uni-dimensional as well as a multi-dimensional construct (Covin and Wales, 2012). Accordingly, Miller (1983); Covin and Slevin (1989) entrepreneurial orientation was viewed as a uni-dimensional construct with three dimensions of risk-taking, innovativeness, and pro-activeness. On the other hand, Lumpkin and Dess (1996) added two additional dimensions, namely autonomy and competitive aggressiveness, to bring the dimensions of entrepreneurial orientation to five.

### **2.2.2. Dimensions of Entrepreneurial Orientation**

Though, researchers have separate concepts on dimensions of entrepreneurial orientation, almost all researchers accepted the importance of risk taking and pro-activeness in entrepreneurial characteristics. However, various scholars comment on the dimensions of EO differently. For instance, Omerzel (2016) included aggressive competition, autonomy and customer orientation in addition to risk-taking and pro-activeness. The other scholars Nasution et al., (2011) suggested that dimensions of EO are risk taking, pro-activeness and autonomy. Nonetheless, this research proposal adopts the concepts of Zafer et al. 2013; Mohammad, N. et al., 2016 that considered the five dimensions of entrepreneurial orientation which are: autonomy, competitive aggressiveness, innovativeness, pro-activeness, and risk taking.

### **2.2.3. Business Performances**

Performance can be measured with financial and operational (non-financial) indicators according to Venkatraman and Ramanujam (1986). However, Objective financial data for many businesses are not publicly available, and respondents are often unable or unwilling to provide the desired organization-level objective information (Fiorito and LaForge 1986,). On the otherhand, subjective measures depend on judgmental assessments of respondents and these indicators cover both financial and non-financial indicators (Gonzalez-Benito and Gonzalez-Benito 2005). As a result, subjective performance measures may yield more complete information (Covin and

Slevin 1989). Generally, many researchers recommend subjective measures of performance over objective measures.

In today's dynamic business environment, a firm is required to regularly innovate, consider risk takings, give room for autonomy, be proactive, and aggressively competes to maintain a new position in the market place (Omisakin et al. 2016). It is a well-known fact that firms adopting more EO perform better than those that lack such orientation (Omisakin et al. 2016). Other research suggests that entrepreneurial firms may benefit more from imitation than from high levels of innovativeness (Lumpkin and Dess 1996). In summary, the results of many studies indicate the positive relationship between EO and performance.

The entrepreneurs focus their attentions on the Financial (objective) and Non-Financial measures (subjective). Financial measures include profits, revenues, returns on investment (ROI), and returns on sales and returns on equity, sales growth, and profitability growth. On the other hand, Non-Financial measures include overall performance of the firm relative to competitors, employment of additional employees, customer satisfaction, employee satisfaction, customer loyalty, brand awareness and owner's satisfaction with the way the business is progressing. The combinations of financial and Non-financial measure help to gain a wider perspective on measuring and comparing performances.

Murphy et al (1996) examined the variables used to measure organizational performance in entrepreneurship research in the years 1987 through 1993. They identified 51 articles published in Academy of Management Journal, American Journal of Small Business, Entrepreneurship Theory & Practice, Journal of Business Venturing, and Strategic Management Journal that explicitly used firm performance as a dependent variable. They found, consistent with Brush & Vander Werf (1992) and Cooper (1993), that there was no consistency in the variables used to measure new venture performance. In total, they identified 71 different dependent variables used to measure performance in their sample. They subsequently categorized these variables into eight separate dimensions of performance. They also found that 75% of the sample articles used primary data sources, 29% used secondary data sources, and only 6% used both. The high dependence upon primary data sources is typical in Entrepreneurship research, since there are generally no publicly available financial data sources for non-public companies. Another finding was that the performance variables used were primarily financial rather than operational.

#### 2.2.4. Dimensions of Business Performances

According Murphy et al. (1996), the three dimensions of performance and their corresponding measurement indicators are summarized as follows;

<b>Dimensions</b>	<b>Selected Indicators</b>
Profitability	<ul style="list-style-type: none"><li>• Return on sales,</li><li>• Net profit margin,</li><li>• Gross profit margin,</li><li>• Net profit level,</li><li>• Net profit from operations,</li><li>• Pretax profit,</li><li>• Clients' estimate of incremental profit.</li></ul>
Growth	<ul style="list-style-type: none"><li>• Change in sales,</li><li>• Change in employees,</li><li>• Market share growth,</li><li>• Change in net income margin,</li><li>• Change in CEO compensation,</li><li>• Change in labor expense to revenue.</li></ul>
Efficiency	<ul style="list-style-type: none"><li>• Return on investment,</li><li>• Return on equity,</li><li>• Return on assets,</li><li>• Return on net worth,</li><li>• Gross revenue per employee.</li></ul>

#### 2.2.5. Entrepreneurial Orientation and Business Performance

The global business environment is embraced by many growing challenges. Accordingly, all organizations have to adopt entrepreneurial strategies to keep in pace with the speed changes and rapid challenges.

The current business environment has been considered as hyper-competitive especially for innovation sensitive products and services. The concept of EO is now highly demanded with the increased pressure on attracting new customers and scrambling for financial resources like deposits and foreign currency across the industry. Banks now have to be more innovative in their strategies, and to achieve a significant return on their investment; meet the expectation of customers and thereby increase their market share. Moreover, the Ethiopian Government is now determined to open the banking market for foreign banks that will bring another version.

According to Al-Mansour, 2007 and Peschel, 2008 the situations stated above urged banks to develop their entrepreneurial culture that encourages innovation and foresee future business opportunities. Moreover, banks in order to survive and grow have to integrate all the customers' needs, feedback, and expectations as the basis of any products and services design processes (Al-Swidi & Mahmood, 2011a). Moreover, they are required, like never before, to ensure that their services and products to be of high quality and satisfactory innovation profiles.

#### ➤ **Autonomy and Business Performance**

Autonomy refers to the freedom to develop an entrepreneurial idea for individuals or group of individuals and then see it through to completion. In an organization that offers high autonomy, employee exercise the independence required to bring a new idea to fruition, without being restricted by the corporate bureaucracy. When individuals and teams are unrestricted by organizational traditions and norms, they are able to more effectively investigate and champion new ideas. Some large organizations promote autonomy by empowering a division to make its own decisions, set its own objectives, and manage its own budgets. Evidence of autonomy in firms may vary as a function of size, management style, or ownership (Lumpkin and Dess 1996), As per Justine et al. (2005), autonomy has a positive impact on business performance. The opinions and empirical evidence collected from various researches indicate that autonomy can positively influence the firm's performance (Omisakin et al. 2016).

#### ➤ **Competitive Aggressiveness and Business Performance**

Competitive Aggressiveness is the experience of a firm to powerfully challenge its competitors rather than trying to avoid them. Aggressive moves may include price-cutting and increasing spending on marketing, quality, and production capacity. Though it is an encouraged practice,

too much aggressiveness can weaken an organization's success. A small firm that attacks larger rivals, for example, may find itself on the losing end of a price war. Establishing a reputation for competitive aggressiveness can damage a firm's chances of being invited to join collaborative efforts such as joint ventures and alliances. Overall, as can be understood from various researches and scholars, competitive aggressiveness has been found to enhance firm performance.

➤ **Innovativeness and Business Performance**

Innovativeness is the tendency to pursue creativity and experimentation. Some innovations build on existing skills to create incremental improvements, while more radical innovations require brand-new skills and may make existing skills obsolete. Either way, innovativeness is aimed at developing new products, services, and processes. Those organizations that are successful in their innovation efforts tend to enjoy stronger performance than those that do not. Taken overall, various researches indicate that there is a significant and positive relationship between innovation and business performance.

➤ **Pro-activeness and Business Performance**

Pro-activeness is the tendency to anticipate and act on future needs rather than reacting to events after they unfold. A proactive organization is one that adopts an opportunity-seeking perspective. Such organizations act in advance of shifting market demand and are often either the first to enter new markets or "fast followers" that improve on the initial efforts of first movers. By embracing opportunities that others fear, proactive executives have carved out a lucrative niche in a world that is technologically, environmentally, and politically turbulent (Choi, 2008). Many studies on the relationship between EO and performance have found that there is significant and positive relationship between pro-activeness and business performance. This has been substantiated in their studies of Lumpkin and Dess 2001; Hughes and Morgan 2007; Rauch et al. 2009; Sascha et al. 2012.

➤ **Risk Taking and Business Performance**

Risk Taking refers to the leniency of an entrepreneur towards acceptance of risk taking behavior and is considered as a critical factor for EO profile (Davis, 2007). The inclination towards risk

taking differentiates entrepreneur from all the other members of an organization. Risk taking reflects the attitude of an individual towards resource commitments (Miller & Friesen, 1978). Risk taking relates to entrepreneur behavior through the fact of uncertainty (Kraus et al., 2012). The characteristics of Risk taking behavior includes borrowing heavily, committing a high percentage of resources to projects with uncertain outcomes, and entering unknown markets (Lyon et al. 2000). Hence, risk taking believed to contribute positively for business performances.

#### **2.2.6. Literature Gaps**

While investigating different literature reviews on the effect of entrepreneurial orientation (EO) and organizational performance, one can come across inconsistent findings (Davis, 2007; George & Marino, 2011). Some scholars agreed that entrepreneurial orientation is a significant contributor to a firm's success and contributes to a healthier business performance (Mahmood & Hanafi, 2013) and (Zainol&Ayadurai, 2011). As evidenced from Noordin, Othman, &Kassim, 2018, firms with higher entrepreneurial orientation tend to have superior performances.

Some other researchers also confirmed that there is a positive relationship between entrepreneurial orientations and business performances (Dr. G. Usha priya, 2019; A.Zafer Acar, Cemal Zehir, Nurhan Ozengel, Mehtap Ozsahin, 2013; Abdella Kosa, Idris Mohammad and Dereje Ajibie, 2018; Stephen K. Callaway and Sandeep B. Jagani, 2018). On the other hand, some other researchers found out that there is a negative relationship between EO and BP (Covin, Slevin, & Schultz, 1994; George, Wood JR, & Khan, 2001; Shamsuddin, Othman, & Shahadan, 2012; Slater & Narver, 2000). The findings from some other researches showed that the relationship between entrepreneurial orientation and organizational performance is unclear and inconclusive (Rauch, Wiklund, Lumpkin, & Frese, 2009).

However, some other researchers have argued that the relationship between entrepreneurial orientation and business performance is not direct and depends on certain organizational and environmental variables like organizational culture, organizational structure, and availability of organizational resources, competitive and dynamic environments, and top management support. This has been supported by Covin & Slevin, 1991; Kuratko et al., 2004; Lumpkin & Dess, 1996; Modhamad, Ramayah, & Puspowarsito, 2011. Still, the dynamics of EO are wide and others have commented that it needs to be combined with other business orientations such as market

orientation, learning orientation, and employee orientation for organizations to achieve optimum performance. This opinion has also been supported by Grinstein, 2008; Idar & Mahmood, 2011; Kwak, Jaju, Puzakova, & Rocereto, 2013; and Wang, 2008.

Taken overall, these inconsistent views initiated for further research to investigate the impact of entrepreneurial orientation on business performances.

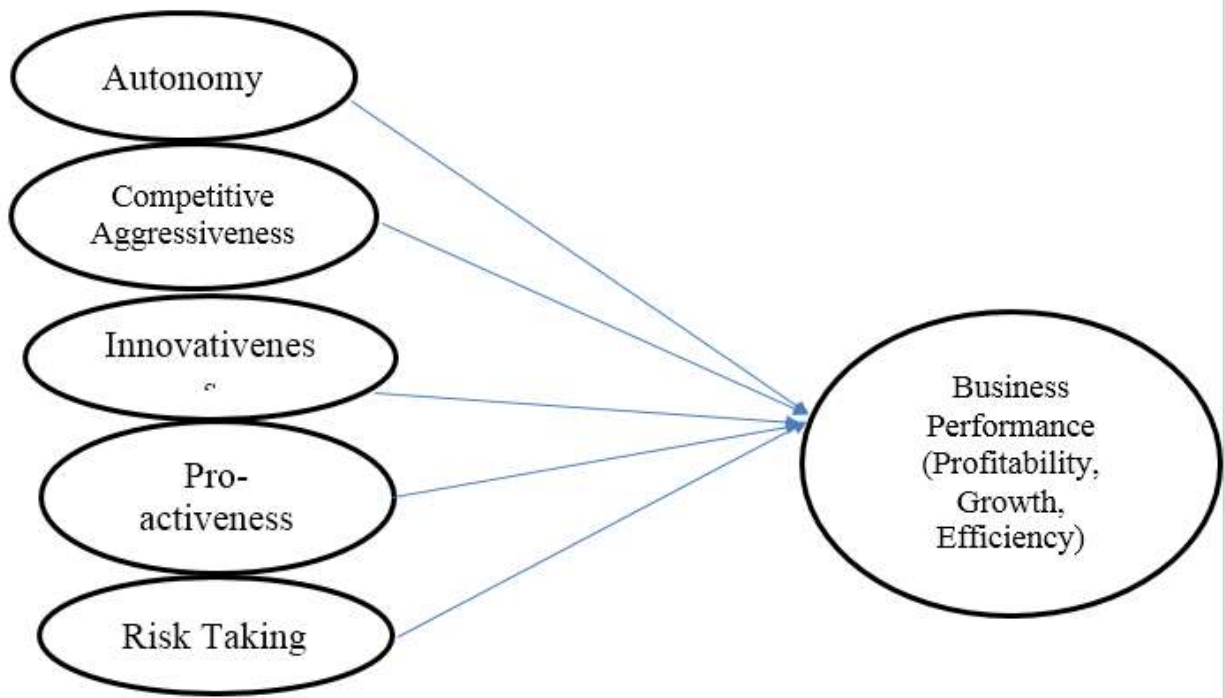
### **2.3. Conceptual Framework**

As per the researcher's knowledge, there is no study that has been conducted in the context of Ethiopian Banking environment to adequately analyze the effect of entrepreneurial orientation on business performance. More importantly, the African Business Report of PWC and the surveys made on African Banking by Deloitte indicated that banks in Ethiopia, especially the private ones, are less competent with the rest of other African Banks while compared with their total asset position, total capital, net earnings and return on capital. Their banking services are also more of conventional and will be challenged to cope with difficult situations. Various researches showed that these problems are apparently related to the leadership quality and prone for more research to be made. This leads to a gap that the study proposes to fill. Accordingly, the following conceptual framework has been formulated, compatible with the hypothesis designed in 1.5 of this study, to find out the effect of each entrepreneurial orientation dimension on business performances in selected private commercial banks in Ethiopia.

Figure 1. Conceptual Framework

Independent Variable

Dependent Variable



## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter presents the research methodology applied in the study including the research approach, research population, sampling frame, Sampling Technique, sample size, Data collection, data reliability and validity. Finally, ethical consideration in the research process is presented.

#### **3.1. Research Design**

This research was designed as both descriptive and explanatory in that the relationship between independent variables (autonomy, competitive aggressiveness, innovativeness, pro-activeness, risk taking) and Business Performance. Descriptive analysis was used to describe the statistical composition of the respondents and empirical test has been carried out with regression model for the inter-relationship between the independent and dependent variables.

#### **3.2. Research Approach**

According to Creswell, (2009), research approaches are plans and procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. There are three research approaches; namely qualitative, quantitative and mixed methods. In view of this concept, this research was designed to use the quantitative approach where the relationship between different variables was empirically tested. In addition, quantitative data has been used to analyze the business performance aspects. The inter-relationship between the independent variables was also tested.

#### **3.3. Research Population**

The target population in this study involves individuals with senior managerial positions at corporate level of selected banks. The reason for selecting Awash, Cooperative Bank of Oromia, Dashen, Hibret and Dashen banks is that these banks are the leading private commercial banks in their performance according to National Bank of Ethiopia reports. Studying the Entrepreneurial Orientation of this tier corresponds to the statement of the problem stated in article 1.2 of this study paper. However, the target population included Chiefs (vice-presidents) and Department

Directors of each selected banks. The very reason for targeting top management members is because they are responsible to uphold and cascade down the concept of entrepreneurial orientation while crafting strategies in the hopes of doing something new and exploiting opportunities that other organizations cannot exploit.

### 3.3.1. Sampling Frame

According to Kothari (2004), sample frame presents the detail of the population in a pictorial form majorly in a table of study. Copper and Schindler (2014) also describe sample frame as all items from which the sample is drawn. In this study, the sample frame of 281, management staff was obtained from each selected bank. The distributions of the population based on Carder were as indicated below:

Table 1.Sampling Frame

<b>No.</b>	<b>Bank Name</b>	<b>Population (Chiefs, V/Presidents, and Directors)</b>	<b>Percentage</b>
1	Awash International Bank	61	22%
2	Bank of Abyssinia	53	19%
3	Cooperative Bank of Ethiopia	47	17%
4	Dashen Bank	46	16%
5	Hibret Bank	45	16%
6	Nib International Bank	29	10%
	Total	281	100%

Source: Researchers own construct, June 2023

### 3.3.2 Sampling Technique

This research has adopted probability sampling using stratified random sampling. According to Saunders (2003), stratified random sampling is defined as a method of sampling involving grouping of a population into smaller categories known as strata. According to Kothari (2004)

strata should be formed on the basis of the members shared attributes and hence this study only focused on the management team of selected banks indicated in their published Annual Reports.

### 3.4. Sample Size

A sample is simply a representation of the population involved in the study since the involvement of the entire population has limitation. Kothari (2004), argue that sampling is an important factor in data collection as it select the participants to be involved in a study hence the need to involve scientific method to obtain the correct sample size. The study used Yamane (1967) formula for sampling.

$$\text{Yamane (1967) Formula: } n = \frac{N}{1+N(d)(d)}$$
$$100=281/(1+281*0.08*0.08)$$

Where:

N = target (total) population

n = desired sample size

d= confidence interval (0.08 testing at 8% significant level)

Thus, the total sample size was  $100=281/(1+281*0.08*0.08)$

The total sample size was 100, who works from the main office of each selected bank in Addis Ababa and they were sampled based on the strata as indicated on the following table.

Table 2. Sample Size

No.	Bank Name	Population	Sample Size	Percentage
1	Awash International Bank	61	22	22%
2	Bank of Abyssinia	53	19	19%
3	Cooperative Bank of Ethiopia	47	17	17%
4	Dashen Bank S.C.	46	16	16%
5	Hibret	45	16	16%
6	Nib International Bank	29	10	10%
	Total	281	100	100%

Source: Researchers own construct

### 3.5. Data collection

Questionnaire is the best and easiest data collection tool. It is also a detail and reliable data collection tool in social-economic research (Cooper & Schindler, 2014; Creswell, 2014). In this study, electronic questionnaire has been used to collect data from top managers of selected banks. The electronic questionnaires have been structured on “Google form” and an email with detailed introduction letter has been sent to each of them. The questionnaire was used to gather demographic information, and information about each component of EO (Innovation, Risk-taking, Pro-activeness, Competitive Aggressiveness, Autonomy, and Business Performances (Efficiency, Growth and Profit). The questionnaire contains seven questions for requesting for general information, 8 questions for innovation orientation measures, 8 questions for Risk-taking orientation, 10 questions for Pro-activeness orientation, 6 questions for competitive aggressiveness orientations, 6 questions for autonomy orientation, and 9 questions for Business Performance (efficiency, growth and profit).

The five point Likert scale of measurement has been used to measure both the independent and dependent variables in the form of 1 for “strongly disagree”, 2 for “disagree”, 3 for “neutral”, 4 for “agree”, and 5 for “strongly agree”

### 3.6. Data Analysis

The study used both descriptive and explanatory analyses; and linear regression and correlation to analyze the impact and relationship between variables using statistical package for social sciences (SPSS v 26). Descriptive statistics used mainly to organize and summarize the general information of the respondents and the secondary data on Business Performances.

The descriptive analysis is made using their mean score as shown below; if the mean score ranges from 3.40 up to 3.79, it is considered as low; if it falls between 3.40 and 3.79 it is considered as moderate and if the mean score is above 3.8 it is considered as high.

Table 3. Comparison Bases of Mean Score of Five Point Likert Scale Instruments

s/n	Mean score	Description
1	$\leq 3.39$	Low
2	3.4- 3.79	Moderate
3	$\geq 3.8$	High

Source: Zaidatol & Bagheri (2009)

Multiple linear regression analysis was used to test the relationship between the explanatory variables and the dependent variable; and the relationship among the predictor variables was tested by Pearson’s Correlation. In addition, normality, multicollinearity, homoscedasticity have been confirmed before conducting regression.

### 3.7. Reliability and Validity

As stated by Heale & Twycross (2015) reliability and validity are the two distinct criteria by which researchers evaluate their measures. They defined reliability as a consistency across time (test-retest reliability), across items (internal consistency), and across researchers (inter-rater

reliability), and validity is the extent to which the scores actually represent the variable they are intended to (ibid).

Homogeneity refers to the internal consistency of the data and can be assessed using item to total correlation, split-half reliability, Kuder Richardson coefficient and Cronbach's Alpha. According to Heale & Tycross (2015), Cronbach's Alpha is the most commonly used test to determine the internal consistency of an instrument. The Cronbach's  $\alpha$  result is a number between 0 and 1; and it will be acceptable if the reliability score is 0.7 and higher. But, because of the reason that the study was conducted only for one time purpose, no need of testing the stability test. Equivalence is assessed through inter-rater reliability. This test includes a process for qualitatively determining the level of agreement between two or more observers or between researchers. But, as there only one researcher and the study is for academic purposes, no need of testing equivalence. Therefore, reliability measure has been assessed for only homogeneity or internal data consistency using Cronbach Alpha test. Hence, the data were found to have better consistency within items if the coefficient of Cronbach Alpha is in the scale closer to 1.

George and Mallery (2003), provides the following rules of thumb: >0.9-Excellent, >0.8-Good, >0.7-Acceptable, >0.6- Questionable, >0.5-Poor

Table 4.Cronbach's alpha

	Scale Mean if Item Deleted	Cronbach's Alpha if Item Deleted
Innovation	18.7798	.897
RiskTaking	18.9374	.907
Proactiveness	18.9602	.892
Competitive Aggressivness	19.0374	.905
Autonomy	18.8523	.906
Business Performance	18.9338	.922

As indicated in the above table, Cronbach's alpha of each of the variables was found to be excellent as per George and Mallery (2003) rule of thumb.

### **3.8. Administration of Instruments**

The questionnaire had Section I and II. Section-I was the respondents' demographic profile including but not limiting to gender, age, residency, education level and marital status. Section B had both the independent variables and dependent variable. Self-administered questionnaire was used in this research. The electronic questionnaire was sent by the researcher randomly to the respondents on email. Business performances of selected banks were supported via secondary data analysis obtained from Annual report of each bank.

### **3.9. Ethical Consideration**

The research has collected primary data from the employees with managerial positions of selected commercial banks. Self-administered questionnaire has been used in this research. The electronic questionnaire was sent randomly to the respondents on email. The researcher has been aware with the ethical considerations and respondent's response have been kept confidential and for their convenience it has been stated that no need of writing their name on the questionnaire.

### **3.10. Summary**

The chapter outlined the general approach used in the research. The study had been designed to use both the qualitative and quantitative approach where the relationship between different variables was empirically tested and adequately described. The target population included Chiefs (vice-presidents) and Department Directors of each bank. The total number of targeted population was 281. The distribution of the population was made scientifically based on Carder. In this study, the management teams of selected banks were stratified based on the number of management team indicated in their published Annual Reports from 2019 up to 2022. Accordingly, the total sample size was 100 and the response rate was 80%.

The study has used electronic questionnaire to collect data from managers of the selected five banks. The electronic questionnaire was structured on "google form" and an email with detailed introduction letter was sent to each management members. The five point Likert scale of measurement was used to measure both the independent and dependent variables.

Finally, the respondent's opinion and response were presumed to be kept confidential and for their convenience no need of writing their name was added on the questionnaire. In the body of the research, all the views and opinions of the scholars were properly referenced.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### 4.1. Introduction

This chapter presents data analysis and discussion. The chapter consists of both the primary and secondary data analysis. The primary raw data were collected and analyzed through SPSS version 26 software. The secondary data concentrates on business performances and were recapitulated from the annual report of each selected banks. Accordingly, this part of the study includes the response rate, the results of demographic characteristic of the respondents, descriptive analysis and inferential statistics and hypotheses testing. The inferential statistical analysis includes the Pearson correlation and multiple linear regressions.

#### 4.2 Response Rate

A total of 100 respondents were invited through an email and 80 questionnaires were completed representing a response rate of 80%. The response is online completed via goggle mail management. The response rate of each bank is indicated in the table below. According to Mugenda & Mugenda, (2003), as cited by Tiberious et al, (2016) a response rate of 50% to 60% is adequate for analysis. Hence, the response rate obtained from each bank found to be adequate for the analysis.

Table 5. Response Rate of each bank

No.	Bank Name	Sample Size	Number of Respondents	Percentage of Respondents from each bank
1	Awash International Bank	22	22	100%
2	Bank of Abyssinia	19	12	63%
3	Cooperative Bank of Oromia	17	12	71%
4	Dashen Bank S.C.	16	11	69%
5	Hibret	16	13	81%
6	Nib International Bank	10	10	100%
	Total	100	80	80%

Source: Researcher own constructs 2023

### 4.3 Demographic Characteristics of the Respondents

Demographic characteristic of respondents have been gathered with questionnaire to have some general insights about the collected data with gender, age, educational level, Employer Bank, Duration Worked, and title or position of the respondents.

#### 4.3.1. Gender

On the gender, the male respondents were more than the female respondents; 80% were male and 20% were female. This shows male were likely to be more at the managerial position than females.

Table 3. Gender Composition

		Count	Table N %
Gender	Male	64	80
	Female	16	20
	Total	80	100.00%

Source: (Primary data, 2023)

#### 4.3.2. Age of the Respondents

About 2.5% of the respondents were below the age of 30 and about 27.5% of them were between 30-39 years old. The respondents between the age brackets of 40-49 years were 56.3%. Those aged between 50-59 years were having 13.7% of the total respondents. The Figure below showed this output.

Table 4. Age Composition

		Count	Table N %
Age brackets	21-29 years	2	2.5%
	30-39 years	22	27.5%
	40-49 years	45	56.3%
	50-59 years	11	13.7%
	Total	80	100.00%

Source: (Primary data, 2023)

### 4.3.3. Education

Seventy eight (78%) of the respondents were with Master’s degree holders, followed by 19% who were with Bachelor’s Degree and 2% with Doctor’s Degree.

Table 8.Level of Education

		Count	Table N %
Level of Education	Bachelor’s Degree	16	19.%
	Master’s Degree	62	78%
	Doctors Degree	2	2%
	Total	80	100.00%

Source: (Primary data, 2023)

### 4.3.4. Duration Worked

Majority of the respondents had worked with their respective bank from 6-15years represented by 58%, followed by those who had worked for 0-5years representing 26%, and those who had worked for 16- 20 years were 13% and those who had worked above 20years were 3%.

Table 5.Duration of Worked

		Count	Table N %
How long have you worked at current employer bank?	0-5 years	16	20%
	6-10 years	11	13.8%
	11-15 years	20	25%
	16-20 years	19	23.7%
	Over 20 years	14	14.5%
	Total	80	100.00%

Source: (Primary data, 2023)

#### 4.3.5. Duration Worked at Other Banks

Respondents were asked to indicate if they had worked on other banks other than their current employer bank, the response was as followed. More than half (54.7%) indicated they had worked in other bank for less than five years. This was followed by those who had worked for 6-10 years at 17.3%, and those who had worked for 11-15 years were 13.3%. Others were as follow: 16-20years were 12%, and lastly, over 20years were about 2.7%. The figure presented below shows the findings.

Table 10.Duration worked at Other Banks

		Count	Table N %
How long have you worked at other bank/s?	0-5 years	41	54.7%
	6-10 years	13	17.3%
	11-15 years	10	13.3%
	16-20 years	9	12%
	Over 20 years	2	2.7%
	Total	80	100.00%

Source: (Primary data, 2023)

#### 4.3.6. Level of Management

On the level of management, 46.25% of the respondents of the selected banks were Directors, whereas 37.5% of the respondents were with the level of middle management and 16.25% were members of Top Management of their respective bank as indicated on the figure below.

Table 116.Level of Management

		count	Table N%
Level of Management	Middle Management	30	37.5%
	Directors	37	46.25%
	Total	80	100.00%

Source: (Primary data, 2023)

#### 4.4. Descriptive Statistics of Variables

Every independent and dependent variable were analyzed and measured on the five likert scale; Where 1 = strongly disagreed, 2 = Disagreed, 3 = Neutral, 4 = Agreed, 5 = Strongly Agreed. The descriptive analysis has been made using the mean score of each independent variable. According to table 3-12, the mean score below 3.39 is considered as low; the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high.

##### 4.4.1. Bank Innovation

Table 12. Bank Innovation

Descriptive Statistics				
Representations	Questions Forwarded to Respondents	N	Mean	Std. Deviation
IN1	We highly value new products	80	4.23	0.9
IN2	In problem solving, we value creative new solutions more than solutions that rely on conventional wisdom	80	3.9	0.821
IN3	We believe we are an innovative bank	80	3.84	0.834
IN4	Competitors recognize us as leaders in innovation	80	3.64	1.046
IN5	Our bank has a tendency to try radically new methods and experiments	80	3.75	0.948
IN6	Our bank has achieved a number of successful new products, services and processes over the last 5 years	80	4.06	0.832
IN7	Our bank has adjusted the focus of product and process development activity significantly over the last 5 years	79	4.1	0.727
IN8	Almost all of the newly launched products, service, processes and technologies of the bank have been successful in the last 3 years	80	3.78	0.856
	Total average Mean		3.91	

Source: (Primary data, 2023)

As indicated on the above table, all the mean scores of bank innovation constructs were with moderate and high scale of measurement when evaluated according Zaidatol & Bagheri (2009) definition. This implies that the selected banks have high extent perceptions with the questions represented by IN1, IN7, IN6, IN2 and IN3 as they had a mean value of 4.23, 4.1, 4.06, 3.9 and

3.84 each respectively. The others IN4, IN5, and IN8 had a moderate extent for innovation with a mean value from 3.64 up to 3.78 with a standard deviation from 1.046 up to 0.856.

#### 4.4.2. Risk Taking

As can be observed from the below table, questions represented by RT6, RT4, and RT3 are with high level mean that the respondents are ready to take risk. Conversely, questions represented by RT8 is with low mean indicating for low initiation of risk taking and this might negatively affect the bank’s performance. On the other hand, the remaining questions represented by RT1, RT2, RT5 and RT7 reflected with moderate risk taking dimensions with a mean value 3.79, of 3.44, 3.77, and 3.52 respectively.

Table 13. Risk taking

Descriptive Statistics				
		N	Mean	Std. Deviation
RT1	Employees are often encouraged to take calculated risks with new ideas in the bank	80	3.44	0.869
RT2	We value new strategies/plan even if we are not certain that they will always work	80	3.79	0.758
RT3	To make effective changes to our offering, we are willing to accept at least a moderate level of risk for losses.	79	3.94	0.704
RT4	We are eager to exploit new products, processes, opportunities and methods	79	4.04	0.823
RT5	The top managers of our bank favor a strong emphasis on R&D, technological leadership, and innovations rather than the marketing of tried and true products or services.	78	3.77	0.925
RT6	My bank has introduced at least two new processes or technologies in the past three years.	79	4.27	0.828
RT7	The term “risk-taker” is considered a positive people attribute by managers	79	3.52	0.89
RT8	The bank supports small and experimental projects realizing that some will undoubtedly fail	79	3.28	0.783
	Total Average Mean		3.76	

Source: (Primary data, 2023)

### 4.4.3. Pro-activeness

As depicted in the table below items represented with question PA1, PA3 and PA4 are resulted with high mean value of 4.06, 3.91 and 3.85. All the rest five queries show the level of pro-activeness is moderate as their mean value ranges from 3.59 to 3.74 and their corresponding SD was in the range of 0.973 to 1.05.

Table 14.Pro-activeness

Descriptive Statistics				
		N	Mean	Std. Deviation
PA1	We often search for new business opportunities	79	4.06	0.79
PA2	Our marketing efforts try to lead customers, rather than respond to them.	78	3.55	0.921
PA3	We continuously try to discover additional needs of our customers of which they are unaware.	78	3.74	0.959
PA4	Our bank has a strong tendency to “follow leader? in introducing new products.	76	3.53	1
PA5	We try to anticipate future needs of both existing and future clients.	78	3.91	0.942
PA6	We align our research, product and process development efforts according to these needs.	78	3.85	0.941
PA7	We try to anticipate new trends in the industry before our competitors.	78	3.74	1.05
PA8	We are always ready to have competitive clashes, and not preferring a “live-and-let live? posture with our competitors.	75	3.65	0.814
PA9	Our bank is generally the first to introduce new services, products, operating technologies and administrative techniques.	78	3.59	0.973
PA10	My bank is usually pro-active in search of new market.	78	3.69	1.023
	Total Average Mean		3.73	

Source: (Primary data, 2023)

#### 4.4.4. Competitive Aggressiveness.

The presentation based on the mean and standard deviations were as indicated on the table below. Among the six representation questions, CA4, is an item banks made low level of aggressiveness as its mean value is 3.11 with standard deviation of 1.001. On the other hand, one item represented by question CA6, showed strong level of aggressiveness with a mean value of 4.1 and SD of 0.882. The other four items designate moderate level aggressiveness as their mean value ranged from 3.53 to 3.79 with their standard deviation ranged from 0.901 to 0.964.

Table 15. Competitive Aggressiveness

Descriptive Statistics				
		N	Mean	Std. Deviation
CA1	My bank typically adopts a very competitive “undo-the competitors? stance.	75	3.64	0.816
CA2	My bank is intensely competitive and aggressive.	77	3.79	0.964
CA3	The bank has a stronger affinity to “follow leader? in launching of new products.	76	3.53	0.901
CA4	This bank shuns confrontation with the competitors and lets them take actions.	76	3.11	1.001
CA5	Generally, our bank takes aggressive and bold approach when competing.	77	3.7	1.001
CA6	Our bank competes strongly in the banking industry.	77	4.1	0.882
	Total Average Mean		3.65	

Source: (Primary data, 2023)

#### 4.4.5. Autonomy

The final independent variable is Autonomy (AU). The Autonomy variable was assessed using six questions. The question represented by AU1 resulted with a mean value of 3.96 standard deviation of 0.966. The second question represented by AU2, resulted with a mean value of 3.97 and standard deviation of 0.882. Question represented by AU3 showed mean value of 3.77 and standard deviation of 0.882). The other representation for autonomy (AU4 resulted with a mean value of 3.92 and standard deviation of 0.802. The result for AU5 was a mean value of 3.84 and

standard deviation of 0.844. The final representation of autonomy, AU6, had a mean value of 3.58 and a standard deviation of 0.868. Accordingly, except two demonstrations (AU3 and AU6) banks showed high level commitment to show up autonomy.

Table 16. Autonomy

Descriptive Statistics				
		N	Mean	Std. Deviation
AU1	I have enough autonomy in my job without continual supervision to do my work	77	3.96	0.966
AU2	Our bank allows me to be creative and try different methods to do my job.	78	3.97	0.882
AU3	My bank empowers its employees to make decisions on their own whenever necessary.	78	3.77	0.882
AU4	There is clear discretion that helps employee in carrying out a task, such as scheduling work and determining procedures to be followed.	78	3.92	0.802
AU5	Employees in our bank are encouraged to manage their own work and have flexibility to resolve problems.	77	3.84	0.844
AU6	I seldom have to follow the same work methods or steps while performing my major tasks from day-to-day.	76	3.58	0.868
	Total Average Mean		3.84	

Source: (Primary data, 2023)

#### 4.5. Business Performance

The primary data for business performance was assessed with three variables of efficiency, growth and profitability. These variables were measured on the five likert scale; Where 1 = strongly disagreed, 2 = Disagreed, 3 = Neutral, 4 = Agreed, and 5 = Strongly Agreed.

In addition, secondary data have been analyzed to substantiate and cross validate the results of the primary data and hence to give a complete view about the objective of the research.

### 4.5.1 Efficiency

Three questions were asked to assess the efficiency of banks. The first item was asked to obtain employees opinion if a bank usually satisfied with return on Investment. It resulted with a mean value of 3.87 and SD of 0.853. The second question used to assess the efficiency was the level of satisfaction on return of equity. The result of the assessment showed that the mean value of 3.87 and SD of 0.882. The third question raised to assess the efficiency was to ask the level of satisfaction on return on assets. The result for return on assets showed that the mean value was 3.76 and SD 0.900. Hence, the resultant output of the primary data indicates there was high level of efficiency.

Table 17.Efficiency

		Descriptive Statistics		
		N	Mean	Std. Deviation
EF1	My bank usually satisfied with return on Investment.	79	3.87	0.853
EF2	My bank usually satisfied with return on Equity,	79	3.87	0.882
EF3	My bank usually satisfied with return on Assets.	78	3.76	0.9
	Total Average Mean	78	3.83	

Source: (Primary data, 2023)

The secondary data analysis has been summarized below indicates the efficiency level of each bank in terms return on investment, equity and assets for the last four years.

- Return on Investment

Return on investment (ROI) is the widely used measure of profitability by shareholders to gauge if their money has been efficiently and effectively used by the entrusted managers of the business. Shareholders normally compare the ROI they get from their investment to other companies in the same industry and also other industries. Then, they can decide whether to increase, decrease or hold their current level of ownership. Accordingly, the ROI of the selected banks is indicated below. The return on investment is calculated using the following formula:  

$$ROI = (\text{Earnings after tax (EAT)} / \text{Total invested capital}) \times 100.$$

Table 18.Return on Investment

Years	Awash Bank	Abysina Bank	Cooperative Bank of Oromia	Dashen Bank	Hibret Bank	NIB Bank
2019	3%	3%	3%	3%	3%	3%
2020	4%	4%	4%	4%	4%	5%
2021	3%	4%	4%	5%	4%	4%
2022	7%	1%	7%	6%	7%	5%

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

- Return on Equity

Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

ROE= Net Income/Shareholder Equity

Table 19.Return on Equity

Net Income/Total Shareholders' Equity				
Years	2018/19	2019/2020	2020/2021	2021/22
Awash Bank	61%	58%	63%	73%
Abyssinia Bank	53%	66%	79%	83%
Cooperative Bank of Oromia	81%	79%	81%	77%
Dashen Bank	52%	57%	58%	58%
Hibret Bank	60%	55%	57%	70%
Nib Bank	47%	48%	46%	61%

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

- Return on Assets

Return on Assets (ROA) is a measure of how efficiently a bank uses its assets. That is, the amount of profit a bank is generating per one birr in assets that it employs. The higher the ROA the more efficient the bank is in utilizing its assets.

ROA = Net Income/Total Assets

Table 20. Return on Assets

Net Income/Total Assets				
Years	2018/19	2019/2020	2020/2021	2021/22
Awash Bank	8%	8%	8%	8%
Abyssinia Bank	7%	7%	7%	8%
Cooperative Bank of Oromia	6%	8%	7%	8%
Dashen Bank	6%	7%	6%	7%
Hibret Bank	6%	7%	7%	8%
Nib Bank	6%	7%	7%	6%

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

According to the secondary data, the minimum return on investment was 3% and the maximum was 7%. Nonetheless, in the fiscal year of 2017 the return on investment percentage of all banks, except Abyssina, has been improved. However, Awash, Cooperative Bank of Oromia and Hibret have registered the highest level of return on investment (7%) followed by Dashen (6%) and NIB bank (5%). Thus, the descriptive analysis showed that there was high level of return on investment in the selected six banks. Similarly, the output from the secondary data substantiated that all the five banks have showed improvements in their return on investment. Contrarily, the return on investment of Abysina Bank decreased in the fiscal year of 2021/22.

As summarized in table 19, Abyssinia Bank showed the highest level of return on equity (83%) followed by Cooperative bank of Oromia (77%), Awash (73%), Hibret (70%), Nib, (61%) and Dashen (58%) in descending order from the highest to the lowest in the fiscal year 2021/22. This has been found to be similar with the result of descriptive statistics where in all the respondents perceived.

The return on assets of each selected bank is shown in table 20. Accordingly, all the banks registered return on asset consistently within the range of 6% and 8% throughout all the four fiscal years. The analysis showed that Awash, Abyssinia, Cooperative Bank of Oromia and Hibret showed similar return on assets of 8% but Dashen and Nib bank registered 7% and 6% respectively. The respondents' perception for return on asset of all the selected banks has also showed medium level satisfaction which is found to be similar with the results of the descriptive statistics.

#### 4.5.2. Growth

Three questions have been forwarded to the respondents to assess the perception of employees on revenue growth, employee growth, and market share growth. From these three variables revenue growth and employee growth were high and the market share growth was low.

Table 21. Growth

Descriptive Statistics				
		N	Mean	Std. Deviation
GR1	My bank usually satisfied with revenue growth.	79	3.82	0.902
GR2	My bank usually satisfied with employee growth.	79	3.81	0.802
GR3	My bank usually satisfied with market share growth.	79	3.58	1.045
	Total Average Mean		3.74	

Source: (Primary data, 2023)

The secondary data are collected on revenue growth, employee growth and market share on deposit and its growth rate are indicated below:

- Revenue growth

Revenue growth refers to an increase in revenue over a period of time. Revenue growth rate calculates annual growth by comparing the previous period's revenue with the current period's revenue. It is calculated by subtracting the previous period's revenue from the current period's revenue, and then divide that number by the previous period's revenue.

Table 22. Revenue growth

Years	Revenue Growths					
	Awash Bank	Abysina Bank	Cooperative Bank of Oromia	Dashen Bank	Hibret Bank	NIB Bank
2,020	26%	32%	55%	36%	32%	36%
2,021	35%	84%	40%	41%	24%	28%
2,022	50%	68%	50%	26%	33%	20%

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

- Employee growth

The employee growth rate calculator gives a correct measure of growth in a company. It's the difference between the current period employee number and the previous period employee number divided by the previous period employee number, multiplied by 100%.

Table 23. Employee Growths

Years	Employee Growths					
	Awash Bank	Abyssinia Bank	Cooperative Bank of Oromia	Dashen Bank	Hibret Bank	NIB Bank
2,020	12%	3%	-3%	2%	9%	19%
2,021	20%	22%	22%	5%	6%	24%
2,022	43%	19%	27%	18%	6%	3%

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

- Market share growth

The market share can best be explained through Deposits. Accordingly, the market share of the selected private commercial banks with total deposit is tabulated below.

Table 24. Market Share on deposit

Name of Banks	2018/19	2019/2020	2020/2021	2021/22
Awash Bank	26.5%	25.1%	24.4%	26.7%
Abyssinia Bank	14.3%	16.9%	21.2%	22.0%
Cooperative Bank of Oromia	15.9%	16.0%	16.8%	17.3%
Dashen Bank	19.9%	19.0%	17.8%	16.4%
Hibret Bank	11.2%	10.9%	9.5%	8.6%
Nib Bank	12.3%	12.0%	10.4%	9.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

Table 25. Market share growth

Percentage growth in Market Share			
	2019/2020	2020/2021	2021/22
Awash Bank	-5.2%	-3.0%	9.5%
Abyssinia Bank	19%	25%	4%
Cooperative Bank of Oromia	0.4%	5%	3%
Dashen Bank	-4.2%	-7%	-7%
Hibret Bank	-2.0%	-13%	-9.6%
Nib Bank	-2.6%	-13.4%	-14%

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

Table 22 showed time series analysis for revenue growth and the minimum growth rate was found in Nib bank (20%) for 2022FY and the maximum was registered by Abysina Bank in 2021 i.e 84%. In the fiscal year 2022, Abyssinia bank was the leader in terms of revenue growth by 68% followed by Awash and Cooperative bank of Oromia each with 50% growth, Hibret with 33%, Dashen with 26% and Nib with 20% growth rates. Similarly, the perception result found from the descriptive analysis of the selected respondents showed there was a high level of revenue growth with a mean value of 3.82.

The level of Employee growths during the last three fiscal years has been summarized in the table 3-7. Accordingly, the maximum employee growth was registered by Awash bank in FY 2022 (43%) and the minimum was registered by Cooperative bank of Oromia in 2020 (negative 3%).

However, the recent trends showed that Awash was the leader in terms of employee growth followed by Cooperative bank of Oromia (27%), Abyssinia (19%), Dashen (18%), Hibret (6%), and Nib (3%). The growth in employee is an indication for expansion in branches, organization structure and volume of work. The respondents for the questionnaire analyzed in the descriptive statistic table also indicated that the employee growth was high with a mean value of 3.81.

As shown in table 23, secondary data have been analyzed to substantiate the level of market share of each bank. Accordingly, from the gross total deposit of all six banks, Awash Bank holds the highest market share (26.7%), followed by Abyssinia (22%), Cooperative Bank of Oromia (17.3%), Dashen Bank(16.4%), Nib Bank(9%), and Hibret bank (8.6%). However, in

terms of market share growth, as shown in table 25, Awash bank registered the highest deposit growth of 9.5% followed by Abyssinia (4%), and Cooperative bank of Oromia 3%. On the other hand, Nib bank showed the highest decrement in terms of deposit growth with negative 14% followed by Hibret with negative 9.6% and Dashen bank with negative 7% in the fiscal year of 2021/22 while comparing with 2020/21.

This is an evidence for the existence of significant capacity differences among the leading private commercial banks in Ethiopia, as the leading bank gains 9.5% growth rate in deposit the other one lose 14% market share in deposit. So, the tough gets tougher and tougher and the other need to exert extra efforts to withstand the competition and to retain significant market share.

By the same token, the output found from the descriptive statistics analysis showed that the perception of the respondents have been diluted and was in medium level with respect to market share growth with a mean value of 3.58.

#### 4.5.3. Profit

Another dimension to explain the level of business performance was profit. The perception of employee on profit was assessed by asking employee on return on revenue, net profit margin and gross profit. The result of all these three questions showed that the was moderate level of profit in the assessed banks as the resulted mean value were 3,75, 3.75, 3.78 and their corresponding standard deviations were 0.94, 0.926 and 0.956.

Table 26.Profit

Descriptive Statistics				
		N	Mean	Std. Deviation
PR1	My bank usually satisfied with return on revenue.	79	3.75	0.94
PR2	My bank usually satisfied with net profit margin.	79	3.75	0.926
PR3	My bank usually satisfied with gross profit.	79	3.78	0.956
	Total Average Mean		3.76	

Source: (Primary data, 2023)

The secondary data for profit is explained through return on income and share of gross profit as shown below.

- Return on Income

The return on revenue ratio is defined as the ratio of net income to revenue. It is the net income divided by revenue.  $ROR = \text{Net Income} / \text{Total Revenue}$

Table 27. Return on Income

Years	Net Income/Total Revenue			
	2018/19	2019/2020	2020/2021	2021/22
Awash Bank	72%	68%	72%	75%
Abyssinia Bank	61%	66%	66%	68%
Cooperative Bank of Oromia	71%	70%	72%	72%
Dashen Bank	67%	65%	58%	65%
Hibret Bank	62%	61%	61%	63%
Nib Bank	62%	62%	64%	61%

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

- Gross profit (profit before tax)

Gross profit is calculated by deducting total expenses from total income. The profit share of each of the six banks for 2019, 2020, 2021 and 2022 is tabulated below.

Table 28. Share of Gross profit before Tax

Years	Awash Bank	Abysina Bank	Cooperative Bank of Oromia	Dashen Bank	Hibret Bank	NIB Bank
2019	40%	12%	9%	15%	12%	11%
2020	35%	10%	14%	17%	11%	13%
2021	34%	15%	12%	17%	10%	12%
2022	33%	21%	13%	17%	8%	8%

Source: Researchers own construct from the Annual reports of each bank from 2019-2022

Accordingly, the minimum return on total revenue in the last four fiscal years was 58% and the maximum was 75%. During the fiscal year 2021/22 the highest return on revenue was registered by Awash Bank 75% followed by Cooperative Bank of Oromia 72%, Abyssinia bank 68%, Dashen bank 65%, Hibret bank 63%, and Nib bank 61%. However, the perceptions of the

respondents summarized in the descriptive statistics indicate there was moderate level of satisfaction for return on revenue and for net profit margin with mean value of 3.75 for each. Hence, the perception of the respondents indicates that there was an opportunity even to exceed revenue more than the registered figures.

The share of profit before tax of each selected bank from their overall total profit before tax of the last four fiscal years is tabulated in table 28. It was recently concentrated in Awash, Abyssinia and Dashen Banks with a percentage share of 33%, 21% and 17% followed by Cooperative bank of Oromia 13%, Hibret 8% and Nib 8%. This indicates that the range of share in gross profit among the selected banks is wide and there is a huge capacity differences even among the leading private commercial banks in Ethiopia.

Similarly, the perceptions of the respondents on gross profit is somehow dispersed and found to be in moderate level with a mean value of 3.78 as indicated in the descriptive statistic table above.

## **4.6. Inferential Statistics**

Inferential statistics refers to methods of making decisions or predictions about a population based on sample information. It includes probability distribution, hypothesis testing, and correlation and regression analysis. In this study, correlation and regression analyses were used to test hypotheses and determine relationship among variables.

### **4.6.1. Correlation Analysis**

The correlation analysis among independent variables (entrepreneurial orientation dimensions of innovation, risk taking, pro-activeness, competitive aggressiveness and Autonomy) and dependent variable (Business Performance) has been carried out. Correlation analysis helps to find out if relationship between variables exists and how strong it is. The Pearson correlation coefficient has been used since the data is normally distributed.

The correlation coefficient is evaluated according to Cohen (1988) wherein a correlation coefficient between 0.10 and 0.29 designates a weak correlation, a correlation coefficient between 0.30 and 0.49 indicates a medium correlation, and a correlation coefficient between 0.50 and 1.0 shows a strong correlation.

Table 7. Correlation Coefficients

		Correlations					
		Innovation	RiskTaking	Proactiveness	CompetitiveAggressiveness	Autonomy	BusinessPerformance
Innovation	Pearson Correlation	1	.761**	.815**	.685**	.713**	.514**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	80	80	79	78	78	79
RiskTaking	Pearson Correlation	.761**	1	.771**	.571**	.673**	.472**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	80	80	79	78	78	79
Proactiveness	Pearson Correlation	.815**	.771**	1	.755**	.694**	.512**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	79	79	79	78	78	79
CompetitiveAggressiveness	Pearson Correlation	.685**	.571**	.755**	1	.623**	.635**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	78	78	78	78	78	78
Autonomy	Pearson Correlation	.713**	.673**	.694**	.623**	1	.572**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	78	78	78	78	78	78
BusinessPerformance	Pearson Correlation	.514**	.472**	.512**	.635**	.572**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	79	79	79	78	78	79

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source (Primary data, 2023)

Accordingly, the output of the Pearson correlation coefficients of innovation, risk-taking, proactiveness, competitive aggressiveness, and autonomy against business performance were in the range of 0.472 up to 1.0 showing that all the variables selected for the study had strong correlations. The result indicates the independent variables were expected to significantly influence the business performance of each selected bank.

## 4.7. Assumptions Testing in Multiple Regressions

According to Osborne & Waters, (2002) among several assumptions to be fulfilled to conduct multiple regression analysis, normality test, Multicollinearity, Auto-correlation, linearity, and homoscedasticity are the basic ones. In clear terms,

- a) There must be a linear relationship between the dependent variable and independent variables. This relationship can be tested by scatter plots.
- b) The residuals shall be normally distributed.
- c) There must be homoscedasticity in that the variance of error terms is similar across the values of the independent variables. A plot of standardized residuals versus predicted values can show whether points are equally distributed across all values of the independent variables.

### 4.7.1. Normality Test

According to the central limit theorem, as long as the sample size is more than 30; the sample distribution should be normal irrespective of the population distribution. Therefore, an online survey has been conducted in this study, the sample size was 100 and target population was equal to 281. However, with above 80% response rate, the data analysis has been conducted from 80 respondents.

Assessment of normality was done using skewness and kurtosis. In SPSS, the skewness and kurtosis statistic values should be less than + 1.0 to be considered normal.

For skewness, if the value is greater than + 1.0, the distribution is right skewed. If the value is less than -1.0, the distribution is left skewed. If either of these values for skewness or kurtosis are less than + 1.0, then the skewness or kurtosis for the distribution is not outside the range of normality, so the distribution can be considered normal.

For kurtosis, if the value is greater than +1.0, the distribution is leptokurtic (heavy tailed). If the value is less than -1.0, the distribution is platykurtic (light tailed).

Table 8. Skewness and Kurtosis

		Statistics					
		Innovation	RiskTaking	Proactiveness	CompetitiveAggressiveness	Autonomy	BusinessPerformance
N	Valid	80	80	79	78	78	79
	Missing	0	0	1	2	2	1
Skewness		-.626	-.514	-1.161	-.252	-.910	-.833
Std. Error of		.269	.269	.271	.272	.272	.271
Kurtosis		-.051	1.095	1.492	-.045	2.017	1.345
Std. Error of		.532	.532	.535	.538	.538	.535

Source (Primary data, 2023)

Hence, this test indicated that the distribution for Pro-activeness is left skewed. On the other hand, the distributions for Risk Taking, Pro-activeness, Autonomy and Business Performance are leptokurtic. Hence, the normal distribution for both dependent and independent variables are heavily tailed.

#### 4.7.2. Auto-correlation

Autocorrelation refers to the degree of correlation between the values of the same variable across different Observations in the data. A common method of testing for autocorrelation is the Durbin-Watson test. The Durbin-Watson statistic lies in the range 0 up to 4. A value of 2 or nearly 2 indicates that there is no first-order autocorrelation. An acceptable range is 1.50 - 2.50. Where successive error differences are small, Durbin-Watson is low (less than 1.50); this indicates the presence of positive auto-correlation.

Table 9. Auto-Correlation

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.677 <sup>a</sup>	.458	.420	.52281	1.535

a. Predictors: (Constant), Autonomy, CompetitiveAggressiveness, RiskTaking, Innovation, Proactiveness

b. Dependent Variable: BusinessPerformance

Hence, the result of the assessment indicated below suggested less auto-correlation as its Durbin-Watson coefficient is 1.535.

### 4.7.3. Linearity Tests

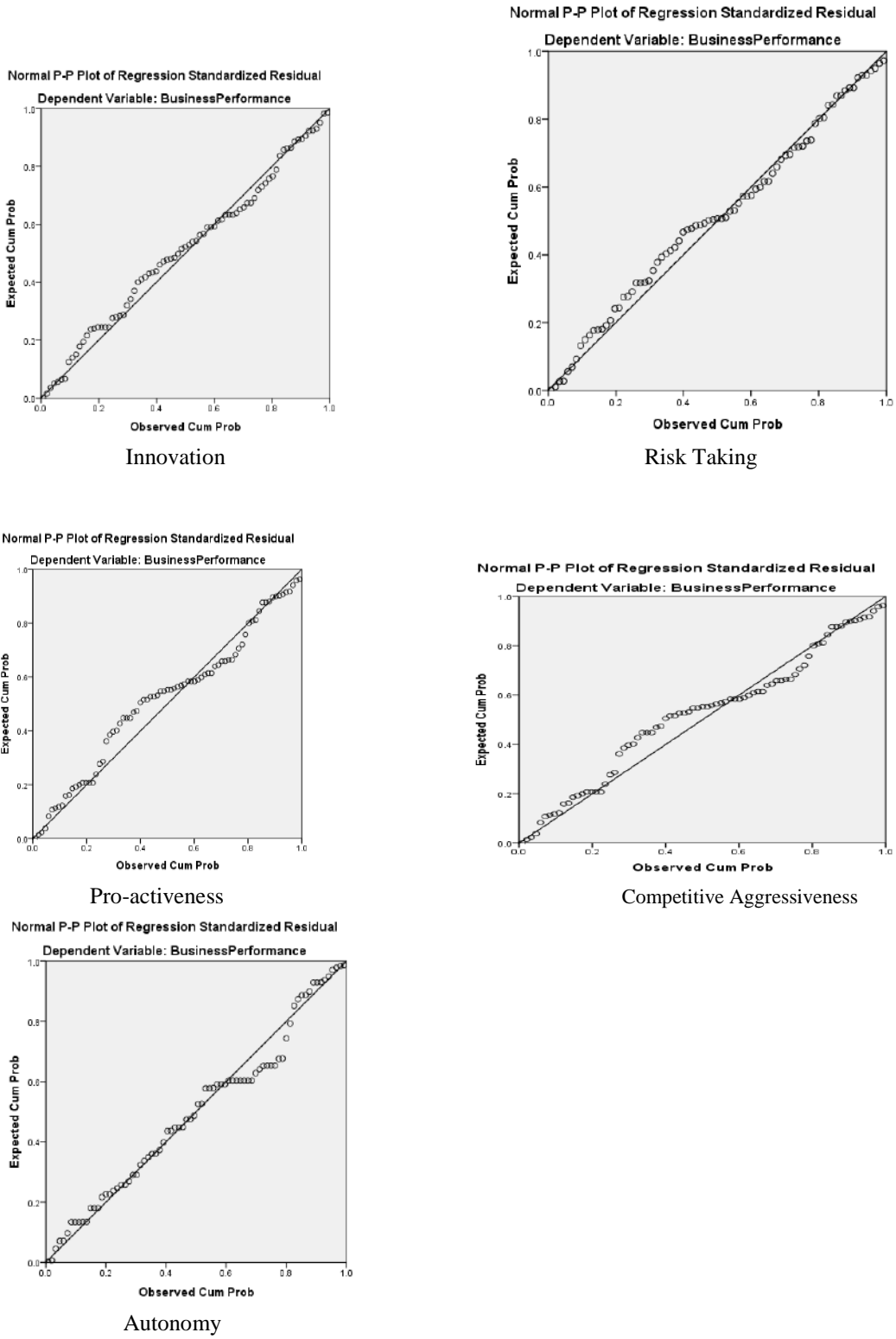


Figure 2. Linearity Tests

Linear relationships can be either positive or negative. Positive relationships have points that incline upwards to the right. As x values increase, y values increase. Accordingly, as shown in the figure above, Business Performance had positive relationship with innovation, risk taking, pro-activeness, competitive aggressiveness and autonomy, as a one unit increase for one variable, Business performance increases by the increase in one unit of the independent variable times its slope.

#### 4.7.4. Homoscedasticity

The assumption here is that the variation in the residuals (or amount of error in the model) is similar at each point across the model. In other words, the spread of the residuals should be fairly constant at each point of the predictor variables for across the linear model.

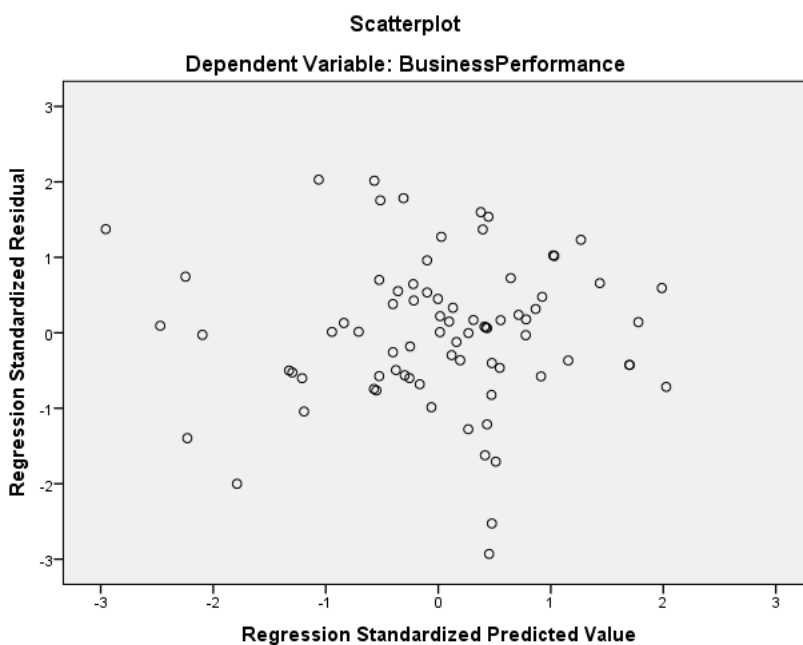


Figure 3 Homoscedasticity

In the above graph, as there is no clear pattern shown on the scatter plot, homoscedasticity is Confirmed (statistical solutions, 2017).

#### 4.7.5. Multicollinearity Tests

Autocorrelation refers to the extent of correlation between the values of the same variables across different observations in the data. According to statistical solutions (2017), VIF less than 10 and tolerance scores to be above 0.2 are acceptable for the requirements of no multicollinearity to conduct multiple linear regression analysis..

Table 10. Coefficient of Multicollinearity.

Coefficients <sup>a</sup>		
Model	Collinearity Statistics	
	Tolerance	VIF
1 Innovation	.262	3.813
RiskTaking	.332	3.015
Proactiveness	.212	4.716
CompetitiveAggressivness	.398	2.514
Autonomy	.422	2.372

a. Dependent Variable: BusinessPerformance

Therefore, as all the VIF results in the above table are below 10, and their corresponding tolerance limit is above 0.2. Hence, it was found to be acceptable to conduct the regression analysis

#### 4.8. Regression

According to Mooi et al (2017), regression analysis is a way of fitting a “best” line through a series of observations. Multiple linear regressions has been conducted to identify the relationship and to determine the most dominant independent variables of entrepreneurial orientation that influenced business performance. This regression analysis was conducted to know by how much each independent variable (dimensions of entrepreneurial orientation, explains the dependent variable (Business Performance). In order to show the impact that each dimension has on the dependent variable, the study checked the findings of the regression output as follows.

Table 11. Model Summary<sup>b</sup>

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677 <sup>a</sup>	.458	.420	.52281

a. Predictors: (Constant), Autonomy, Competitive Aggressiveness, Risk Taking, Innovation, Pro-activeness

b. Dependent Variable: BusinessPerformance

From the above output, R-square describes the degree to which the model explains the observed variation of entrepreneurial orientation relative to the mean. It is the coefficient of determination or coefficient of multiple determinations in case of multiple regressions. Therefore, 42 % of the variation in the responses is explained by independent variables: Autonomy, Bank Innovation, Competitive Aggressiveness, Risk Taking and Pro-activeness. R is a statistical measure of how close the data are to the fitted regression line and how well the model describes the response. In this study, the model describes 67.7 % of the responses. The adjusted R-square used to compare the explanatory power of the model that contains different predictors. Therefore, the independent variables predicted 42% and the other part or 58% of business performance was predicted by other extraneous variables.

**Table 12. ANOVAa,b**

ANOVA <sup>a</sup>						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	16.631	5	3.326	12.169	.000 <sup>b</sup>
	Residual	19.680	72	.273		
	Total	36.311	77			

a. Dependent Variable: Business Performance

b. Predictors: (Constant), Autonomy, Competitive Aggressiveness, Risk Taking, Innovation, Pro-activeness

The ANOVA test statistic helps to determine whether the difference between group means are statistically significant, examine the group means by comparing them with each other, determine how well the model fits the data and to determine whether the model meets the assumptions of the analysis or not. The total sum of squares shows the deviations of all the observations of the dependent variable from the mean. The portion of the total variability that is not explained by the model is the residual. Therefore, from the total variability in the observation (36.31%), 19.68 % is not explained by the model. The level of significance is less than 0.05 (p-value<0.05). Hence, it can be concluded that a linear relationship exists between Entrepreneurial orientation and Business Performance dimensions.

Table 13. Coefficient of linear equation

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.007	.424		2.376	.020
	Innovation	-.027	.174	-.027	-.157	.876
	RiskTaking	.033	.176	.028	.187	.852
	Proactiveness	.094	.172	.103	.549	.585
	CompetitiveAggressivness	.398	.136	.404	2.934	.004
	Autonomy	.242	.130	.249	1.862	.067

a. Dependent Variable: BusinessPerformance

The established multiple linear regression equation becomes;

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

$$BP = \text{Constant} + b_1 RT + b_2 PA + b_3 CA + b_4 AU + e$$

$$BP = 1.007 + 0.033(RT) + 0.094(PA) + 0.398(CA) + 0.242(AU) + 0.05$$

Where: 1.007 = Constant

b = Beta value

RT= Risk Taking

PA = Pro-activeness

CA= Competitive Aggressiveness

AU = Autonomy

BP = Business Performance

The regression coefficient sign indicates whether there is positive or negative relation between each independent and dependent variables. The p -values for the coefficients indicate whether these relationships are statistically significant or not. Therefore, the above table shows that there was an inverse relationship of innovativeness with Business Performance. Whereas, Risk Taking, Pro-activeness, Competitive Aggressiveness and Autonomy influenced Business Performance by 3.3%, 9.4%, 39.8% and 24.2% respectively as there was direct relationship against business performance.

Regarding the t- test, only Competitive Aggressiveness was above t-value of 1.96 at 2-tailed and 0.05 level of significant. For the others, the t-value was less than 1.96 at 2-tailed and 0.05 level of significance.

#### 4.9. Level of Entrepreneurial Orientation

The level of Entrepreneurial Orientation (EO) in each selected bank has been estimated using the regression model of SPSS version 26. Accordingly, the adjusted R squared and p-value of each bank has been summarized from the model summary as follows.

Table 14. Adjusted R-squared of each bank

Ser. No.	Name of Banks	Adjusted R-Squared Value	p-value
1	Awash Bank	0.510	0.004
2	Abyssinia Bank	0.237	0.271
3	Dashen Bank	0.811	0.013
4	Hibret Bank	0.088	0.386
5	Nib Bank	0.953	0.033
6	Cooperative Bank of Oromia	0.640	0.039

Source (Primary data, 2023)

Hence, those banks resulted with above 0.5 adjusted R-squared value are Nib, Dashen, Awash and Cooperative Bank of Oromia and their level of Entrepreneurial Orientations can be concluded as high. The level of Entrepreneurial orientation for Abyssinia and Hibret is relatively low.

#### 4.10. Hypothesis Testing

The first hypothesis (H1) was to deal with if Innovativeness (one of the dimensions of entrepreneurial orientations) has significant positive relationship with Bank's Performances.

As can be seen from the table 4-22 Coefficient of linear equation, the relationship of innovativeness and business performance was inverse as the coefficient was negative (B= negative 0.027) and significance level was 0.876 more than 0.05. Likewise, the t- test also show that the t-statistic of innovation was negative 0.157 below the t-value of 1.96 at 2-tailed and 0.05 level of significant. Hence, the finding does not justify and supports the hypothesis that innovation has significant positive relationship with Bank's Performances.

The second hypothesis was to evaluate if Risk Taking has positive relationship with Bank's Performance. As can be seen for the table 4-22 Coefficient of linear equation, the relationship of risk taking and Business Performance was positive as the coefficients was (B= 0.033) and significance level was 0.852 higher than 0.05. The t- test also shows that the t-statistic of risk taking (0.187) was below the t-value of 1.96 at 2-tailed and 0.05 level of significant. Hence, the relationship of risk taking with business performance has not been significant and the hypothesis (H2) found to be rejected.

The third hypothesis was to evaluate if Pro-activeness has significant positive relationship with Bank's Performance. The coefficient of linear equation in table 4-21 indicated above justifies the relationship between pro-activeness and Business Performance as the coefficients was positive (B=0.094) and significance level was 0.585 which was higher than 0.05. Similarly, according to the t- test the value of pro-activeness was 0.549 that was below the t-value of 1.96 at 2-tailed and 0.05 level of significant. This validates the relationship of pro-activeness with business performance stated in the hypothesis found to be positive but insignificant and hence the hypothesis is rejected.

In the fourth hypothesis the objective was to evaluate if Competitive Aggressiveness has significant and positive relationship with Bank's Performance. This has been supported as there was a positive coefficient (B= 0.398). Moreover, its level of significance was high as its value was 0.004 which is below than 0.05. In addition, the t- test value of competitive aggressiveness was 2.934 that was above the t-value of 1.96 at 2-tailed and at 0.05 level of significant. Hence, in the selected banks competitive aggressiveness had a significant impact on business performance that supports the sated hypothesis.

The other hypothesis identified as a fifth item was to evaluate if Autonomy has significant positive relationship with Bank's Performance. The resulted coefficient of linear equation indicated in the table 4-22 support the relationship between autonomy and achieving business performance in selected Ethiopian Commercial Banks and found to be positive with beta value of 0.242. However, its level of significance between this dependent variable and business performance was 0.067 which was higher than 0.05. The correspondingly t- test value of autonomy was 1.862 that was a little bit below the t-value of 1.96 at 2-tailed and 0.05 level of significant. This implies there was low level of impact on business performance of selected banks due to autonomy that will not support the designed hypothesis.

The sixth hypothesis was concerned about if there is significant difference in the level of entrepreneurial orientation among Selected Private Ethiopian Commercial Banks. To validate this concern R-squared and P-value of each independent variable is calculated. Accordingly, it was identified that four banks (Nib, Dashen, Awash and Cooperative Bank of Oromia) had high level of Entrepreneurial orientation. However, Abyssina and Hibret Banks resulted with low level of Entrepreneurial Orientation.

#### **4.11. Chapter Summary**

The response rate for the primary data was 80% that was found to be adequate to conduct the study. Using the questionnaires demographic information of the respondents was collected on Gender, Age, Education, Employer Bank, and Duration worked at other banks. The study employed descriptive statistics and every independent and dependent variable and the corresponding questions forwarded to explain each variable was analyzed and measured on the five likert scale using mean and standard deviation.

In addition, secondary data that have been collected from the annual reports of each bank have been analyzed to support and validate the respondents' perception on business performances that have been explained under the dimensions of efficiency, growth and profit.

Correlation analysis was also made and all the resulted coefficients were in the range of 0.472 to 1.0 showing that all the variables selected for the study had strong correlations. On the analysis of Multiple Regression; Normality test indicated that the distribution for the both the dependent and independent variables selected for this study were normally distributed as the result showed that the skewness and kurtosis were between -1 and +1. Moreover, auto-correlation test indicated that there was no first-order auto-correlation. The Linearity test revealed the dependent and independent variables had positive relationships. The homoscedasticity test has also been made and it showed as there was no clear pattern shown on the scatter plot and homoscedasticity was confirmed. In the Multicollinearity tests, all the VIF results were below 10 that were found to be acceptable to conduct the regression analysis.

The regression analysis of the study used the R-squared value, ANOVA tests, coefficients of Beta, P-value and t-tests for deep analysis. The level of entrepreneurial orientation on each selected bank showed that some were with high level of EO and some others were with low EO. Finally, all the hypotheses were critically evaluated based on their coefficient of beta, significance and t-test results.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This chapter covers the summary of the findings, conclusions and recommendations based on the findings.

#### 5.2. Summary of Findings

The independent variables of the study were bank innovation, risk-taking, pro-activeness, competitive aggressiveness, and autonomy used as dimensions of entrepreneurial orientation. On the other hand, the dependent variable was the Business Performance that has been explained with dimension of efficiency, growth and profitability.

The first research question of the study was to look at the effect of entrepreneurial orientation on business performance. Accordingly, from the descriptive statistical analysis, some gaps have been identified in the areas of business performance while they are compared and validated with the secondary data collected. A correlation analysis was made and all the resulted coefficients were in the range of 0.472 to 1.0 showing that all the variables selected for the study had at least medium correlations. From the regression model summary of adjusted R-squared, the entrepreneurial orientation dimensions had predicted 42% and the other part or 58% of business performance was predicted by other extraneous variables. Moreover, the coefficient of linear equation showed that the relationship of innovation with business performance was negative among the five entrepreneurial dimensions.

The Hypothesis Testing revealed that unlike to the findings made by various researches, this study showed innovation, risk taking, pro-activeness and autonomy had not a significant impact on business performances. Whereas, the study confirmed that competitive aggressiveness had a positive impact on business performances.

The second research question of the study was to identify the level of entrepreneurial orientation among selected commercial banks. Accordingly, it was identified that four banks (Nib, Dashen, Awash and Cooperative Bank of Oromia) had high level of Entrepreneurial Orientation. However, Abyssina and Hibret Banks were in low level of Entrepreneurial Orientation.

### 5.3. Conclusion

The outputs of the descriptive statistics were evaluated based on Zaidatol & Bagheri (2009) definitions. Accordingly, from the dimensions of Entrepreneurial Orientation, the total average mean score of innovations (3.91) and autonomy (3.84) were high and the others were in medium level ranging from 3.67 to 3.76. From the dimensions of Business Performance, the total average mean score for efficiency was high and it was in medium status for growth and profitability.

While validating the results of primary data analysis of Business Performances with secondary data analysis the following conclusions made.

- The actual data of efficiency could not substantiate the output of descriptive statistics. Though all the five banks have showed improvements in their return on investment, the return on investment of Abysina Bank decreased in the fiscal year of 2021/22. The return on equity assessed both from the primary and secondary data has been found to be similar with high level of satisfaction. Similarly, the study for return on asset of all the selected banks was in medium level satisfaction which is found to be similar with the results of the descriptive statistics.
- Growth was investigated using revenue, employee, and market share. However, while comparing the descriptive statistic result with actual data, market share indicates for the existence of significant capacity differences among the leading private commercial banks in Ethiopia, as the leading bank gains 9.5% growth rate in deposit the other one lose 14% market share in deposit. So, the tough gets tougher and tougher and the other need to exert extra efforts to withstand the competition and to retain significant market share. By the same token, the output found from the descriptive statistics analysis showed that the perception of the respondents have been diluted and was in medium level with respect to market share growth with a mean value of 3.58.
- Profit was assessed using return on revenue, net profit margin and gross profit. The actual data showed there was significantly high percentage of return on revenue. However, the perceptions of the respondents summarized in the descriptive statistics indicate that there was moderate level of satisfaction for return on revenue and for net profit margin with mean value of 3.75 for each. Hence, the perceptions of the respondents indicate that there was an opportunity even to exceed revenue even more than the registered figures. The actual data for gross profit indicate that the range of share in gross profit among the

selected banks is wide and there is a huge capacity differences even among the leading private commercial banks in Ethiopia. Similarly, the perceptions of the respondents on gross profit is somehow disbursed and found to be in moderate level with a mean value of 3.78 as indicated in the descriptive statistic table.

By the same token, the correlation result was evaluated in line with Cohen (1988) and the result indicated that the variables are highly correlated.

As can be understood from the regression analysis of the study, the independent variables predicted only 42% and 58% of business performance was predicted by other extraneous variables.

Moreover, as can be seen from the linear regression table, there was an inverse relationship of innovativeness with Business Performance. Whereas, Risk Taking, Pro-activeness, Competitive Aggressiveness and Autonomy positively influenced Business Performance as there was direct relationship against business performance.

Finally, each of the hypotheses has been tested for its validity. Accordingly, H4 and H6 have been accepted whereas H1, H2, H3 and H5 have been rejected. The objective of H6 was to identify the level of entrepreneurial orientation. Accordingly, from the findings, Nib, Dashen, Awash and Cooperative Bank of Oromia had high level of Entrepreneurial orientation by scoring adjusted R-Squared figure of above 0.5.

#### **5.4. Recommendations**

The study concluded innovativeness had not significant impact on Business Performance at selected commercial banks. Unless innovation activities enhanced and banks build their competitiveness the desired performance level will not be achieved. Hence, appropriate strategy needed to be designed to meet rapidly changing customer needs and preferences through innovative solutions in terms of new products and services to excel in performance.

It was concluded that risk taking had not an impact on Business Performance at the selected commercial banks. Based on this, the researcher recommends each bank to conduct internal audit on its risk taking bearing capacity and either, improve on their risk taking mechanism to enhance performances. To this end, Banks should develop policies to protect the customers not to be affected by the risk taking capability of other aggressive banks.

It has been mentioned that pro-activeness was not an important element to affects the business performance. However, Banks should build and employ better strategies on pro-activeness of

their banks on the market. This will foster better mechanism that will improve pro-activeness and also improve the competitive advantages. The policy makers should have rules for pro-activeness to seize the opportunities availed in the market for best performance.

Competitive Aggressiveness was an important factor for business performance in this study. Hence, the researcher recommends the management to focus on the strategies for competitive aggressiveness in order to increase its boldness. Such can be development of policy for formation of frequent trainings on competitive aggressiveness and implementation strategies. Policy should be in place to protect the bank customers not to be exploited by the competitive aggressiveness strategies of other banks.

In this study, autonomy was not an important factor for Business Performance. However, it is important to give due attention to autonomous decision making as they require less paperwork or less administrative process and helps to competitive as a result of an independent decision maker.

The perception from the respondents for return on investment found to be high. However, the actual return on investment for the selected banks was within the range of 3% and 7%. Hence, banks should select the best profitable venture of investments with due viability study. Accordingly, it is would be significant to have an investment policy to balance high yield investments with low yield investments which usually done with the directions of National Bank of Ethiopia such as investment in treasury bills.

It was identified that there was significant differences among the selected banks in market share and the pattern of growth in market share for deposit. Hence, banks are required to build their employee capability and need to design strategies that may help them to be competent in domestic as well as to challenge banks beyond the local boundary.

Further, the study also identified that the level of gross profit among the selected banks was wide. This can be due to significant differences in market share as those positioned with better market share can mobilize significant amount of resources and can lent out their money to generate income. However, the findings also identified that those with high market share is widening forward their competitive edge. Thus, follower banks need to design best strategy to cope up the competition and help to narrow the gap in market share. The competition aspect should be beyond the local boundary owing to current developments to open up the market for foreign banks.

#### **5.4.1. Suggestion for Future Research**

This study found out Innovation, Risk Taking, Pro-activeness and Autonomy dimensions of Entrepreneurial Orientations did not significantly affect Business Performances while many researchers found out different results. This calls for more research on these modalities in banks using mixed methods since interviews and focus group discussions can provide deeper insights. Comparative study can also be conducted on the effect of entrepreneurial orientation on Business Performances on different types of bank tiers instead of focusing on leader private banks. Moreover, this study focused on entrepreneurial orientation based on the five factors, similar study should carry in-depth study on each of the factors of entrepreneurial orientation on business performance of banks.

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# ANNEXESS

**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**MSC IN ACCOUNTING AND FINANCE DISTANCE PROGRAM**  
**The Effect of Entrepreneurial Orientation on Business Performance: The Case of Selected Private Commercial Banks in Ethiopia**

**Research Questionnaires**

I would like to find out your assessment on the Effect of Entrepreneurship Dimensions i.e. (Innovation, risk taking, pro-activeness, competitive aggressiveness and Autonomy) upon your organizational Business Performances. Kindly read the following questions and for sections II and III indicate how much you agree or disagree with each statement using the following scale (1-Strongly Disagree, 2- Disagree, 3 – Neutral, 4- Agree, 5- Strongly Agree). All responses will be kept strictly confidential. Thank you for your assistance.

**I. GENERAL DATA**

1. What is your gender?  
Male  Female
2. What is your age bracket?  
21-29 years  30-39 years  40-49 years  50-59 years  Over 60 years
3. What is your highest level of education?  
Certificate  Diploma  Bachelor’s Degree  Master’s Degree  PhD
4. Please indicate your Employer Bank  
Awash  Abyssinia  Dashen  Hibret  Nib  Oromya Cooperative
5. How long have you worked at current employer bank?  
0-5 years  6-10 years  11-15 years  16-20 years  Over 20 years
5. How long have you worked at other bank/s  
0-5 years  6-10 years  11-15 years  16-20 years  Over 20 years
6. What is your level of management?  
Executive Management  Director Level

**II. ENTREPRENUERIAL ORIEATION**

**A. Bank Innovation**

In a scale of 1-5, where one 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A) and 5 = Strongly Agree (SA), please indicate the extent to which you agree with the following statements by ticking the box that best represents your opinion on each statement.

		1	2	3	4	5
		SD	D	N	A	SA
IN1	We highly value new products					
IN2	In problem solving, we value creative new solutions more than solutions that rely on conventional wisdom					
IN3	We believe we are an innovative bank					
IN4	Competitors recognize us as leaders in innovation					
IN5	Our bank has a tendency to try radically new methods and experiments					
IN6	Our bank has achieved a number of successful new products, services and processes over the last 5 years					
IN7	Our bank has adjusted the focus of product and process development activity significantly over the last 5 years					

IN8	Almost all of the newly launched products, service, processes and technologies of the bank have been successful in the last 3 years					
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**B. Risk Taking in the Bank**

In a scale of 1-5, where one 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A) and 5 = Strongly Agree (SA), please indicate the extent to which you agree with the following statements by ticking the box that best represents your opinion on each statement.

		1	2	3	4	5
		SD	D	N	A	SA
RT1	Employees are often encouraged to take calculated risks with new ideas in the bank					
RT2	We value new strategies/plan even if we are not certain that they will always work					
RT3	To make effective changes to our offering, we are willing to accept at least a moderate level of risk for losses.					
RT4	We are eager to exploit new products, processes, opportunities and methods					
RT5	The top managers of our bank favor a strong emphasis on R&D, technological leadership, and innovations rather than the marketing of tried and true products or services.					
RT6	My bank has introduced at least two new processes or technologies in the past three years.					
RT7	The term “risk-taker” is considered a positive people attribute by managers					
RT8	The bank supports small and experimental projects realizing that some will undoubtedly fail					

**C. Pro-Activeness in the Bank.**

In a scale of 1-5, where one 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A) and 5 = Strongly Agree (SA), please indicate the extent to which you agree with the following statements by ticking the box that best represents your opinion on each statement.

		1	2	3	4	5
		SD	D	N	A	SA
PA1	We often search for new business opportunities					
PA2	Our marketing efforts try to lead customers, rather than respond to them.					

PA3	We continuously try to discover additional needs of our customers of which they are unaware.					
PA4	Our bank has a strong tendency to “follow leader” in introducing new products.					
PA5	We try to anticipate future needs of both existing and future clients.					
PA6	We align our research, product and process development efforts according to these needs.					
PA7	We try to anticipate new trends in the industry before our competitors.					
PA8	We are always ready to have competitive clashes, and not preferring a “live-and-let live” posture with our competitors.					
PA9	Our bank is generally the first to introduce new services, products, operating technologies and administrative techniques.					
PA10	My bank is usually pro-active in search of new market.					

**D. Competitive Aggressiveness in the Bank.**

In a scale of 1-5, where one 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A) and 5 = Strongly Agree (SA), please indicate the extent to which you agree with the following statements by ticking the box that best represents your opinion on each statement.

		1	2	3	4	5
		SD	D	N	A	SA
CA1	My bank typically adopts a very competitive “undo-the competitors” stance.					
CA2	My bank is intensely competitive and aggressive.					
CA3	The bank has a stronger affinity to “follow leader” in launching of new products.					
CA4	This bank shuns confrontation with the competitors and lets them take actions.					
CA5	Generally, our bank takes aggressive and bold approach when competing.					
CA6	Our bank competes strongly in the banking industry.					

### E. Autonomy

In a scale of 1-5, where one 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A) and 5 = Strongly Agree (SA), please indicate the extent to which you agree with the following statements by ticking the box that best represents your opinion on each statement.

		1	2	3	4	5
		SD	D	N	A	SA
AU1	I have enough autonomy in my job without continual supervision to do my work.					
AU2	Our bank allows me to be creative and try different methods to do my job.					
AU3	My bank empowers its employees to make decisions on their own whenever necessary.					
AU4	There is clear discretion that helps employee in carrying out a task, such as scheduling work and determining procedures to be followed.					
AU5	Employees in our bank are encouraged to manage their own work and have flexibility to resolve problems.					
AU6	I seldom have to follow the same work methods or steps while performing my major tasks from day-to-day.					

### III. Business Performance

#### A. Efficiency (EFF)

		1	2	3	4	5
		SD	D	N	A	SA
EFF1	My bank usually satisfied with return on Investment.					
EFF2	My bank usually satisfied with return on Equity.					
EFF3	My bank usually satisfied with return on Assets.					

#### B. Growth (GRW)

		1	2	3	4	5
		SD	D	N	A	SA
GRW1	My bank usually satisfied with revenue growth.					
GRW2	My bank usually satisfied with employee growth.					
GRW3	My bank usually satisfied with market share growth.					

#### C. Profit (PRF)

		1	2	3	4	5
		SD	D	N	A	SA
PRF1	My bank usually satisfied with return on Revenue.					
PRF2	My bank usually satisfied with net profit margin.					
PRF3	My bank usually satisfied with gross profit.					

### Level of Entrepreneurial Orientation

#### Model Summary<sup>b,c</sup>

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Employer Bank = Awash	Employer Bank ~ = Awash			
1	.792 <sup>a</sup>	.601	.627	.510	.39162

a. Predictors: (Constant), Autonomy, CompetitiveAggressivness, Proactiveness, Innovation, RiskTaking

b. Unless noted otherwise, statistics are based only on cases for which Employer Bank = Awash

c. Dependent Variable: BusinessPerformance

#### ANOVA<sup>a,b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.124	5	.825	5.377	.004 <sup>c</sup>
	Residual	2.454	16	.153		
	Total	6.577	21			

a. Dependent Variable: BusinessPerformance

b. Selecting only cases for which Employer Bank = Awash

c. Predictors: (Constant), Autonomy, CompetitiveAggressivness, Proactiveness, Innovation, RiskTaking

#### Model Summary<sup>b,c</sup>

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Employer Bank = Abyssini	Employer Bank ~ = Abyssini			
1	.764 <sup>a</sup>	.507	.584	.237	.39999

- a. Predictors: (Constant), Autonomy, RiskTaking, Innovation, CompetitiveAggressivness, Proactiveness
- b. Unless noted otherwise, statistics are based only on cases for which Employer Bank = Abyssini
- c. Dependent Variable: BusinessPerformance

**ANOVA<sup>a,b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.348	5	.270	1.685	.271 <sup>c</sup>
	Residual	.960	6	.160		
	Total	2.308	11			

- a. Dependent Variable: BusinessPerformance
- b. Selecting only cases for which Employer Bank = Abyssini
- c. Predictors: (Constant), Autonomy, RiskTaking, Innovation, CompetitiveAggressivness, Proactiveness

**Model Summary<sup>b,c</sup>**

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Employer Bank = Dashen	Employer Bank ~ = Dashen			
1	.951 <sup>a</sup>	.358	.905	.811	.18233

- a. Predictors: (Constant), Autonomy, Innovation, RiskTaking, CompetitiveAggressivness, Proactiveness
- b. Unless noted otherwise, statistics are based only on cases for which Employer Bank = Dashen
- c. Dependent Variable: BusinessPerformance

**ANOVA<sup>a,b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.589	5	.318	9.561	.013 <sup>c</sup>
	Residual	.166	5	.033		
	Total	1.755	10			

- a. Dependent Variable: BusinessPerformance
- b. Selecting only cases for which Employer Bank = Dashen

c. Predictors: (Constant), Autonomy, Innovation, RiskTaking, CompetitiveAggressivness, Proactiveness

**Model Summary<sup>b,c</sup>**

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Employer Bank = Hibret	Employer Bank ~= Hibret			
1	.684 <sup>a</sup>	.296	.468	.088	.46147

a. Predictors: (Constant), Autonomy, Proactiveness, RiskTaking, Innovation, CompetitiveAggressivness

b. Unless noted otherwise, statistics are based only on cases for which Employer Bank = Hibret

c. Dependent Variable: BusinessPerformance

**ANOVA<sup>a,b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.311	5	.262	1.231	.386 <sup>c</sup>
	Residual	1.491	7	.213		
	Total	2.802	12			

a. Dependent Variable: BusinessPerformance

b. Selecting only cases for which Employer Bank = Hibret

c. Predictors: (Constant), Autonomy, Proactiveness, RiskTaking, Innovation, CompetitiveAggressivness

**Model Summary<sup>b,c</sup>**

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Employer Bank = Nib	Employer Bank ~= Nib			
1	.993 <sup>a</sup>	.	.987	.953	.13905

a. Predictors: (Constant), Autonomy, RiskTaking, Innovation, CompetitiveAggressivness, Proactiveness

b. Unless noted otherwise, statistics are based only on cases for which Employer Bank = Nib

c. Dependent Variable: BusinessPerformance

ANOVA<sup>a,b</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.861	5	.572	29.594	.033 <sup>c</sup>
Residual	.039	2	.019		
Total	2.900	7			

a. Dependent Variable: BusinessPerformance

b. Selecting only cases for which Employer Bank = Nib

c. Predictors: (Constant), Autonomy, RiskTaking, Innovation, CompetitiveAggressivness, Proactiveness

Model Summary<sup>b,c</sup>

Model	R		R Square	Adjusted R Square	Std. Error of the Estimate
	Employer Bank = Oromya C	Employer Bank ~ = Oromya C			
1	.896 <sup>a</sup>	.	.804	.640	.47269

a. Predictors: (Constant), Autonomy, CompetitiveAggressivness, RiskTaking, Innovation, Proactiveness

b. Unless noted otherwise, statistics are based only on cases for which Employer Bank = Oromya C

c. Dependent Variable: BusinessPerformance

ANOVA<sup>a,b</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	5.482	5	1.096	4.907	.039 <sup>c</sup>
Residual	1.341	6	.223		
Total	6.823	11			

a. Dependent Variable: BusinessPerformance

b. Selecting only cases for which Employer Bank = Oromya C

c. Predictors: (Constant), Autonomy, CompetitiveAggressivness, RiskTaking, Innovation, Proactiveness

