SocioEconomic Challenges, Volume 4, Issue 3, 2020
ISSN (print) – 2520-6621, ISSN (online) – 2520-6214

The Financial Innovative Business Strategies of Small to Medium Scale Enterprises in Developing Country and Influence for the Global Economy Performance

https://doi.org/10.21272/sec.4(3).20-32.2020

Kingsley Umadia Sr., PhD, Researcher, Richmond, TX, USA

Karina Kasztelnik, ORCID: https://orcid.org/0000-0002-1090-3700

PhD, MBA, CPA, CTP, Professor of Accounting, Colorado State University - Global Campus, Aurora, CO, USA

Abstract

The paper summarizes the arguments and counterarguments within the scientific discussion on the issues such the financial innovative business strategies of small to medium scale enterprises in developing country and influence for the global economy performance. The main purpose of this scientific research study problem is the impact of all business strategies of small to medium scale enterprises for the global economy performance. The methodology is the synthesis literature review then observation all current and prior existing literature and facts available for the purpose of understanding the current financial business strategy withing small to medium scale enterprises in developing country. The strategies observed could assist the theorists, regulators, and scholar-practitioners in seeking solutions that may change the narrative of SMEs having stunted growth or dying before their fifth anniversary. The findings from this study could help understand what strategies work and those that do not work for SMEs. Once SMEs begin to grow and thrive beyond five years, there will be an improvement in employment level, general production level, and economic growth, which is considered a significant positive social change. The research contributed to the advancement of scientific knowledge in that is provided a research study on the financial innovative business strategies and influence for the global economy performance. The methodological implication is grounded on the fact that three different methods were used to triangulate the data collected; semi structured interview, field notes, and document reviews. The study methodological implication includes, achieving the qualitative hermeneutic phenomenological method of data collection and study.

Keywords: financial innovation, microfinance, entrepreneurship, world development.

JEL Classification: M16, F23, F41, F43, F62, F69.

Cite as: Umadia K. Sr., Kasztelnik, K. (2020). The Financial Innovative Business Strategies of Small to Medium Scale Enterprises in Developing Country and Influence for the Global Economy Performance. *SocioEconomic Challenges*, *4*(3), 20-32. https://doi.org/10.21272/sec.4(3).20-32.2020.

Introduction

The specific problem is that SME leaders in Lekki, lack the necessary strategies to grow and sustain their business beyond five years of operation (Agwu & Emeti, 2014). The purpose of this qualitative multiple-case study was to explore the strategies that leaders use in sustaining small to medium scale enterprises (SMEs) in Lekki, Lagos. Business failure leads to loss of capital, unemployment, and demotivation for entrepreneurial efforts. In Nigeria, about 84% of the working population are employed by SMEs (SMEDAN, 2015). Despite their achievements, the failure of small businesses has undermined their contribution to the Nigerian economy. Eighty-five percent of SMEs in Nigeria have stunted growth and fail within five years of inception (Agwu & Emeti, 2014).

While there have been studies on the operation of SMEs in the past, little has been done to understand the strategies for sustaining the business beyond five years. Most published articles and work were done on the impediments and challenges SMEs encounter (Agwu & Emeti, 2014), the inability of SMEs to access finance (Adeola & Evans, 2017), and leadership styles of SMEs managers (Olawale, 2012). Consequently, the strategies for sustaining SMEs beyond five years remain under-researched, under-discussed, and unexplored. This chapter contains five sections. In the first section, I discuss the literature search strategy; in the second section, I discuss the conceptual framework, and in the third section, I discuss the literature review. The fourth section included a comparison of SMEs in Ghana and those in Nigeria, after which I summarized and concluded the chapter.

Synthesis Literature Search Strategy

Relatively few historical studies have been conducted on the strategies used by business leaders in Lekki to sustain SMEs beyond five years. Because of this, I had to search different databases and academic journals for relevant materials for this research. To do this, I searched for peer-reviewed articles in the Walden University database and other database sources such as Google Scholar, Business Source Complete, EBSCOhost, and ProQuest. I reviewed other sites, such as SAGE Premier, ABI/INFORM, several newspapers, and journals for peer-reviewed articles and papers. I researched peer-reviewed literature published between 2014 and 2020, such as academic journals, texts, dissertations, and published research. Specifically, the three multidisciplinary databases, Academic Search Complete, ProQuest Central, and Thoreau Multi-Database were used.

The search for peer-reviewed journals was carried out on three business and management databases; Academic Source Complete, SAGE Journals, and Emerald Insight. Ten top academic journals that published leadership articles in the last five years (2014 to 2019), including the Academy of Management Journal, Administrative Science Quarterly, Journal of Management, Organizational Behavior & Human Decision Processes, Personnel Psychology, American Psychologist, Academy of Management Review, The Leadership Quarterly, Organization Science and Journal of Applied Psychology. The keywords in the search include *strategy, small and medium-scale enterprises, sustainability theory, systems theory, business environment, business climate, ease of doing business in Nigeria, infrastructure challenges in Nigeria, and business development challenges. Other search words or phrases are microfinance banks and SMEs, doing business in Nigeria, business success, business failure, survival, and growth*.

Conceptual Framework

In this study, I used Brundtland's (1987) sustainability theory as a conceptual framework. The sustainability theory encompasses concepts of sustainable business, sustainable development, and sustainable transformative business (Brown et al., 2015). The significant tenets of sustainability theory are that managers use their firm's capacity to increase their economic prosperity by realigning their business models to be consistent with how they acquire, create, deliver, support, and improve their business activities (McPhee, 2014).

Transformative business sustainability (TBS) refers to a firm's management's efforts to achieve business sustainability through the adoption of best business practices or total quality management (Wagner & Svensson, 2014). The TBS model provides business owners and managers with a feasible framework for (a) making informed business decisions, (b) reducing uncertainty, (c) improving marketplace practices, and (d) addressing specific business goals to enhance business prosperity and sustainability (Teh & Corbitt, 2015). Understanding sustainability development concepts and how the characteristics required to achieve sustainability interrelate is vital to the effective implementation of a business strategy for sustaining a business.

Eswarlal and Valessi (2014) appraised effective sustainability development as requiring a clear vision with strategic direction, time, and long-term focus on the firm's development, survival, and success. Sustainability theory is appropriate for this study exploring the strategies owners of SME use in sustaining small to medium scale enterprises (SMEs) in Lekki, Lagos. Based on the sustainability theory, the conceptual framework is used as a lens in exploring the strategies that SME business owners and managers use to sustain their businesses beyond five years. The findings of this study may add to the body of knowledge on small business sustainability by advocating a structured way for small business leaders to integrate sustainability models as a vital component of their strategy for survival.

Sustainability Development Theory

Sustainability as a development theory by Brundtland (1987) served as a lens to this study. The Brundtland Commission (1987) described sustainable development as development that meets the needs of the present generation without compromising future generations' ability to meet their needs. DesJardins (2016) appraised Brundtland's sustainability theory as a philosophical discussion of ethics. Hence, people should not expect to find a subtle treatment of ethics presented, but to underpin its ethical foundations. According to DesJardins (2016), sustainability theory was an essay in distributive justice that judges explicitly the distribution of economic goods and services by how well it meets the needs of the least advantaged and future generations' needs.

Small business leaders and managers need to sustain their businesses by implementing sustainability models within their firms (Biedenbach & Manzhynski, 2016). Akhtar, Lodhi, and Khan (2015) suggested that sustainable entrepreneurs should work collaboratively towards a distinct goal of profiting ecologically to generate future wealth. Darcy, Hill, McCabe, and McGovern (2014) opined that business leaders should integrate the unique characteristics of small businesses to existing sustainability models within their scale of operation to be capable of continuing to sustain their businesses over the long-term. Sustainability strategies include (a) introverted, (b) extroverted, (c) conservative, and (d) visionary (Muller & Pfleger, 2014; Nuryadin, 2016). Introverted strategies that include risk mitigation contain legal and other external standards of a business; extroverted strategies include legitimating approaches focused on businesses' external relationships; conservative strategies center on eco-efficiency of the environment; and visionary strategies (holistic approaches) focused on sustainability issues within all business activities (Muller & Pfleger, 2014). Small business leaders can use the introverted sustainability strategy to manage business risks and to comply with legal and other external standards (Nuryadin, 2016). Nuryadin also stated that business leaders might use the extroverted sustainability strategy to manage external relationships among organizations.

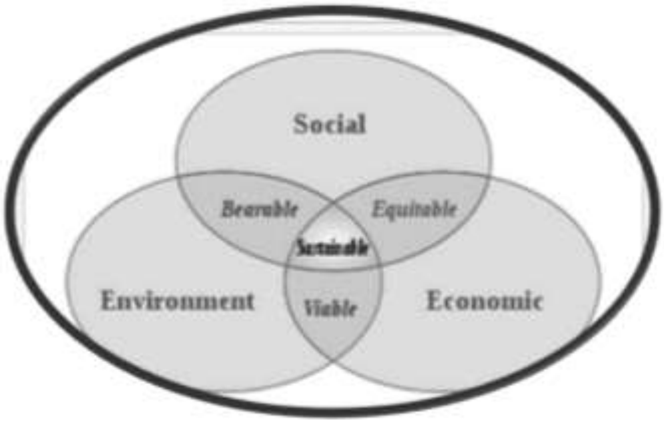

Figure 1. Scheme of Sustainable Development: at the confluence of three consistent parts (2006)

Source: Kendel, 2006.

Small business leaders and managers may use the conservative sustainability strategy to focus on co-efficiency and the visionary sustainability strategy to focus on sustainability issues within business activities (Muller & Pfleger, 2014). The visionary sustainability activity model requires firms to acquire, create, deliver, support, and recover activities that help build sustainable value (McPhee, 2014). By implementing visionary sustainability strategies, business leaders can identify the value of current activities, evaluate how the activities may change to reduce negative impacts, create new activities that may improve performance, and recognize activities that may enhance stakeholders' value (McPhee, 2014).

Small business leaders should use these sustainability strategy components to manage their firms, improve performance, and sustain their business for both current and future generations' needs. Small business owners and managers may use the sustainability model to enhance their firm's resilience and long-term value by creating a collection of products or services and a combination of people, systems, and ideas that form the firm (Wagner & Svensson, 2014). According to Wagner and Svensson (2014), some researchers have posited a paradigm shift by firm owners and managers to filter in more sustainable ways of thinking and behaving.

For small businesses' sustainability, many researchers have opined that owners, leaders, and managers require moderate behavioral change adjustments to the process, procedures, and reward systems to maintain their businesses over the long-term (Schwaninger, 2015; Wagner & Svensson, 2014). With a deep commitment to visionary sustainability, small business owners and managers can sustain their businesses through a deep commitment to visionary sustainability culture and developing a framework for sustainability (Schwaninger, 2015).

The study is to explore strategies for sustaining small to medium scale enterprises (SMEs) in Lekki. For the literature review, the background of SMEs, characteristics of SMEs, the role of SMEs in the economy, the significance of SMEs in Nigeria, the challenges of SMEs in Lekki, and a comparative analysis of SMEs in Nigeria and SMEs in Ghana shall be discussed. Business strategy is the pursuit of a clearly defined path systematically identified in advance through carefully chosen sets of activities (Collins, 2016). Business strategy is the instrument of competition in a competitive market (de Santos, de Melo-Melo, Claudino, &

Medeiroz, 2017). Kachouie, Mavondo, and Sands (2018) posited that small business strategy consists of interrelated activities and ploys for outwitting competitors.

Background of SMEs

The definition of small to medium-scale enterprise (SME) depends on the context, criteria, industry classification, and economic development of the area. Another basis for definition could be the country or region of the writer. The more technical writers, they may use the revenues, net assets, number of employees, and annual business turnover. The more common definition considers the turnover, net assets, and the number of employees. In Nigeria, SMEs are those businesses with an annual turnover of not more than N100 million and employing not more than 200 people (Oyelaran-Oyeyinka, 2014).

The first national policy on small and medium enterprises was promulgated by the Federal Executive Council (FEC) in 2007 and revised in 2015 to take care of new developments in the economic and social environment in which the SMEs operate in Nigeria. It was developed by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The policy defined small enterprises as organizations employing 10 to 49 persons with an asset base of 10 to 99 million Naira (excluding land and building). The policy classified medium enterprises as organizations employing 50 to 199 persons with net assets in the range of 50 to 100 million Naira (excluding land and buildings). Also, organizations employing less than 10 persons are classified in the policy as micro-enterprises. In Nigeria, it should be noted that the number of persons employed takes precedence over asset base in the classification of SMEs as defined by the policy (SMEDAN, 2015).

Small to medium enterprises account for 35% of industrial growth in Nigeria and 84% of the working population. They constitute 94% of the manufacturing sector and 90% of Nigeria's businesses (SMEDAN, 2015). In their study, Eniola and Ektebang (2014) noted that as of 2002, 98% of all businesses in the manufacturing sector in Nigeria were SMEs, providing 76% of the workforce and 48% of the total output of industries in terms of value-added. It has also been noted that 85% or 17 out of 20 SMEs still fail before their fifth anniversary. This failure rate makes it difficult for most SMEs in Nigeria to achieve their full potentials (Oyelaran-Oyeyinka, 2014).

To date, little has been done to explore the strategies used by SME business leaders to succeed and stay in business beyond five years. Most published articles and works have been on the impediments of SMEs, their inability to access finance, the poor leadership styles, and such topics, emphasizing developing countries. Consequently, the strategies for sustaining SMEs beyond five years remain under-researched. Often, it has been said that an economy is only as strong as its manufacturing sector, and the manufacturing sector's strength is a function of how well the SMEs are doing, which implies that the success of the Nigerian economy is related to SMEs' success (Eniola, 2014). However, SMEs in Nigeria are still burdened with high unemployment, poverty, disease, and hunger. From the World Bank report, about 95 million people are still living below the poverty line in Nigeria (World Bank Report, 2017).

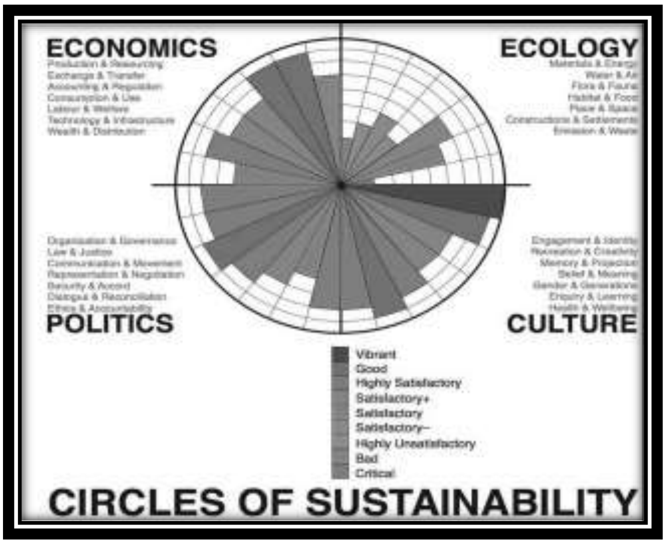

Figure 2. Circles of Sustainability

Source: Kendel, 2006.

Since Nigeria's independence from the colonial government of Britain in 1960, successive governments at federal, state, and local government levels have expressed their interest in ensuring that the manufacturing sector, with attention to the SMEs, performs very well (Ali, 2014). There have been different schemes, multilateral institutions, government agencies, support groups, and economic programs and incentives established to support the activities of the SMEs subsector and to ensure its success. They have embarked on different policy thrusts to develop education, industrialization, and a self-reliant economy. The human capital needed for the success of these schemes to succeed is absent because the right mix of knowledge, attitude, and requisite skill-set are not available (Agwu & Emeti, 2014). Consequently, the government has intervened at various levels of governance through various actions, schemes, and incentives to ensure the success of SMEs.

SMEs Owners and Leadership Style in Nigeria

SMEs are usually set up as family businesses, growing from sole proprietorships to private limited liability companies. They usually grow with a succession plan structured along family lines of seniority. Ownership is predominantly 100% family-owned. The management style is usually authoritarian and totalitarian, with little input from employees. Power resides with the founder/owner, who is at the helm of affairs. This lack of structure and family ownership leads to quick decision-making but the significant disadvantage of key-man risk abounds (Agwu & Emeti, 2014).

SMEs in Nigeria are predominantly involved in manufacturing, sales and distribution, wholesale and retail trade, repairs of motor vehicles and motorcycles, accommodation and food service activities. Other business areas are waste management, transport, storage, construction, information and communication, educational services, art, and recreation services (SMEDAN, 2013). The identified business areas have free entry and free exit and are quite easy to start up. Lagos state has been identified as the most conducive place for doing business in Nigeria. This and other reasons have accounted for the prevalence of SMEs in the state compared to other parts of Nigeria (World Bank Report, 2017).

Government Institutions Directed Toward the Growth and Development of SMEs in Nigeria

Since Nigeria's independence in 1960, successive governments have supported the growth of SMEs because of the integral role they play in the economy (Ossai, 2017). SMEs have been recognized as veritable vehicles for sustainable economic development, rapid industrialization, poverty alleviation, and employment generation (CBN, 2015). Government support has come in different ways ranging from direct interventions to fiscal policies to foster growth in the subsector. Measures adopted include restructuring the economy to make it private sector-led, market-oriented and technologically driven, maintaining exchange rate stability, reducing maximum lending rate, improving credit delivery to SMEs, encouraging savings, and entrenching accountability in governance. Other measures undertaken are the improvement of power supply, communication, and transportation.

SME Equity Investment Scheme (SMIEIS)

Specifically, the federal government, through the CBN established the Small and Medium Industries Equity Investment Scheme (SMIEIS) requires all commercial banks in Nigeria to set aside 10% of their profit after tax (PAT) annually. The sum set aside is meant to be invested in small and medium enterprises as the banking industry contributes to the federal government's efforts towards stimulating economic growth, developing local technology, and generating employment. The funding to be provided shall be in the form of equity to qualifying enterprises or loans at single-digit interest rates to reduce the burden of interest and sundry bank charges under a regular bank loan (CBN, 2015). Other actions by the federal government to promote SMEs' activities include the promulgation of the Pension Act of 1999, which provides social security to pensioners and additional funds for SMEs (SMEDAN, 2017).

Bank of Industry (BOI)

The Bank of Industry (BOI) is the oldest and most significant development finance institution currently operating in Nigeria. Established in 1959 as Investment Company of Nigeria (ICON), it was later changed to Nigerian Bank for Commerce and Industry (NBCI), then Nigeria Industrial Development Bank. It was further renamed Nigeria Industrial Development Bank (NIDB). It was from this institution that the Bank of Industry was reconstituted out of NIDB, NBCI and National Economic Reconstruction Fund (NERFUND) in 2001. Specifically, NERFUND was established to cater to SMEs (Ossai, 2017).

Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB)

This bank is a combination of three development finance institutions viz; Nigeria Agricultural Co-operative Bank (NACB), the Peoples Bank, and Family Economic Advancement Program (FEAP). The purpose of their combination was to cater to the needs of SMEs in Nigeria more adequately. The merged institutions began operations in 2001 with an authorized capital of N1billion (CBN Report, 2015). Though the merged institutions were based in rural areas and provided easy access to finance and agricultural inputs to farmers, co-operative societies, and SMEs, they still had a limitation of spread as over 80% of their target customers have no access to their services (Anochie, Ude, & Egbo, 2015).

Microfinance Banks

One of the main objectives of the microfinance bank policy in 2005 is to revitalize the community banks and strengthen them better to serve the poor, less privileged and rural population. In Nigeria today, this objective is yet to be met as the microfinance banks still have an urban bias in their activities (Central Bank of Nigeria, 2005). One factor responsible for the paradoxical state in which Nigeria is naturally rich in oil, but impoverished is that many micro-enterprises and SMEs are denied access to financial institutions (Alaro & Alalubosa, 2019). Microfinance has evolved as a viable instrument to help many unbanked members of society and a veritable tool for fighting poverty and facilitating economic growth in many parts of the world (Alaro & Alalubosa, 2019). The practice of microfinance in Nigeria has been in existence for more than five decades, though the operation has mostly been informal (Tche, 2009). The traditional microfinance practice has two different forms: self-help groups and the rotating savings and credit association (Alaro & Alalubosa, 2019).

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)

The SMEDAN was established by an enabling Act in 2003 with a mandate to stimulate, monitor, and coordinate the development of micro, small and medium enterprises in Nigeria. SMEDAN's objective is to initiate and articulate policies, programs, support services, and instruments necessary for SMEs' development. SMEDAN still falls short on impact due to its obscured activities that are not in public glare. There is still a lack of awareness of its activities (Anochie et al., 2015). The goal of SMEDAN includes stimulating, monitoring and coordinating the development of the MSMEs sub-sector; initiating and articulating policy ideas for SME growth and development; and promoting and facilitating development programs (Anochie et al. et al., 2015). The SMEDAN function includes providing support services to accelerate the development and modernization of SME in Nigeria (Anochie et al., 2015).

National Directorate of Employment (NDE)

The NDE was set up by the NDE Act, Cap 250 of the Federal Republic of Nigerian (previously called Decree No. 34 of 1989). The directorate is responsible for undertaking programs to combat unemployment in Nigeria, especially among youths. Programs such as vocational training, counseling, entrepreneurial training, and enterprise creation. The lack of commitment from the states and successive federal governments have hampered the agency (Ossai, 2017).

Entrepreneurship Development Center (EDCs)

Entrepreneurship Development Centre (EDC) was aimed at providing the needed institutional support for SME development in Nigeria. EDCs were established in our tertiary institutions, and entrepreneurship studies were made compulsory. The model was set up to create a direct linkage between schools and the industrial sector to provide students with the necessary practical training and experience for students (Ololube, Uriah, & Dudafa, 2014). The functions of the EDC are to develop entrepreneurship spirit amongst Nigerians by providing insights into the tools, techniques, and framework for functional areas of business enterprise. Which includes production, marketing, personnel, and finance, to develop skills of trainees to start successfully, manage, diversify and expand business enterprises, and to facilitate easy access to start-up capital to trainees, especially funds from Banks and allied financial institutions (Ololube et al., 2014). Other function includes generating employment opportunities for Nigerians in line with the goal of the National Economic Empowerment and Development Strategy (NEEDS).

Youth Enterprise with Innovation in Nigeria (YouWin)

In its latest efforts to encourage entrepreneurship, the federal government set up the YouWin competition in 2013. YouWin is a business competition for youths between the ages of 18 and 45, competing for a national award of N1million to N10 million to execute winning business plans and ideas (Anochie et al., 2015). The introduction of YouWin scheme created opportunities for businesses in Nigeria. However, the program was not sustained by the new administration; a major leadership constraint that causes business failure in Nigeria.

Ease of Doing Business in Nigeria

Inaugurated in 2016, it is a flagship initiative by the federal government of Nigeria, to make it easier for micro, small, and medium enterprises to do business. It is also aimed at making SMEs grow and contribute to economic activity and create employment in line with the millennium goals. As a result of this initiative, Nigeria has moved up 24 places in the World Bank Ease of Doing Business Index 2018. The reform continues (SMEDAN, 2017). Going by the less than 3% compliance for registration of a business, the government, through the Corporate Affairs Commission (CAC), encouraged registration compliance for MSMEs with a 50% reduction in cost and complementary simplification of the process. Registration of business with now cost five thousand Naira only.

One Local Government One Product Program (OLOP)

OLOP was refocused in 2016 by SMEDAN to revitalize the rural areas. This initiative was modeled after the One-Village-One-Product (OVOP) movement implemented in Oita Prefecture in Japan (SMEDAN, 2017). The OLOP takes cognizance of the unique product in each locality where they have a comparative advantage. Since commencement in 2017, about 109 projects have been delivered annually, and benefitting organizations and co-operatives have received machinery/financial grants, capacity building, monitoring services, and advisory services (SMEDAN, 2017). Which makes for the ability to use both moveable and immoveable properties and chattels as collateral for loans, thus enabling the SMEs to use their properties such as machinery, generators, motor vehicles, and even gold trinkets, as long as the company is registered to access funds (SMEDAN, 2017).

Development Bank of Nigeria (DBN)

The DBN started operations in 2017 to provide or play a catalytic role in providing funding and risk sharing facilities for SMEs and microfinance banks. Since the commencement of operations, they have promoted and assisted SMEs and encouraged entrepreneurship in Nigeria. The Agri-Business Small and Medium Enterprises Investment Scheme (AGMEIS) is an initiative to assist the start-ups, revival of ailing companies, and expand existing companies. Under the initiative commercial banks are required to set aside 5% of their annual profit after tax (PAT) to support SMEs (SMEDAN, 2017). This is an initiative to provide standardized rating criteria for SMEs with a view to de-risk SMEs for easier access to credits from financial institutions.

N-Power Scheme

N-Power is a Nigerian government's social investment program, aimed at creating jobs and empowering the youths. This program aims to reduce graduate and youth unemployment and facilitate the transferability of employment, technical, and entrepreneurial skills (SMEDAN, 2017). Trade moni is a loan scheme established for petty traders and artisans. Ultimately, it is aimed at the petty traders who plan and wish to grow from petty trading to SMEs. It allows qualified microenterprises to receive interest-free loans of between N10,000 and N100,000 increasing incrementally as they pay back.

Challenges of SMEs in Lekki

A survey conducted by the Manufacturers Association of Nigeria (MAN) in 2004 revealed that only 10% of the industries run by its members are fully operational. This implies that 90% of businesses run by its members are either running below capacity, fledgling, or dead. The main reasons for the lousy performance were the harsh operating conditions, funding issues, and policy somersault (MAN, 2004). This low capacity utilization made it challenging to be competitive in the global market. SMEs in Lekki suffer the same fate as SMEs in other parts of Nigeria. Specifically, they face the following challenges**.**

Key-man factor. Agwu and Emeti (2014) noted that most SMEs are run as sole proprietors or, at best, business with family ownership. The level of dishonesty among individuals makes the business owner not to delegate and does everything by himself. This often leads to the stunted growth of the company. The lack of a successor also results from the high competition in salaries by banks and other excellent government establishments that are present in Lekki environs. Staff high turnover and low retention rates create instability in the daily management of most SME in Lekki (Agwu & Emeti, 2014).

Incessant power outages. Eniola and Ektebang (2014) identified the intermittent power outages as the bane of business in Nigeria. The intermittent power outages lead to a higher operating cost as business owners incur the cost of running their generators and experience breakdown of equipment due to irregular voltage. The cost of a generator creates an additional cost of running SME in Lekki for most businesses that provide services that require comfort and frozen foods (Eniola & Ektebang, 2014). Incessant power outages have led over 40% of SMEs to close their business and relocate to other parts of Nigeria to start their business (Eniola & Ektebang, 2014).

Lack of infrastructure. Oseni (2017) noted that the persistent decay of physical infrastructure is a recurring problem with the Lekki peninsular business. The poor road network, weak security system, and lack of pipe-borne water make every business entity to bring their infrastructure to their place of operation. This increases the cost of doing business in the area and leads to a labor-intensive production method. The bad roads and lack of water have made SME owners provide water for their businesses, increasing the cost of overhead for the business (Oseni, 2017). Poor road network affects customers' patronage, which also contributes to the low survival of business in Lekki area of Lagos, Nigeria (Oseni, 2017). Business leaders in Lekki have complained both jointly and severally about the multiple taxes they are made to pay. Different government agencies would visit offices and harass managers and business leaders of the businesses for taxes in different names; consumption tax, personal income tax, radio tax, parking lot fee, and value-added tax. Worse still is that some of the payments are not formal and are not receipted.

Lack of adequate management skills and entrepreneurial orientation. This is why most SME business owners do not differentiate between their personal accounts and the business account. As a result, they may not know the actual state of their business accounts until an auditor reviews the accounts. The lack of management skills and financial skills cause a lack of planning, little or no documentation of strategy, policies, systems, information technology, accounting system, and financial controls. Olawale (2012) noted in his study that there is a significant positive relationship between entrepreneurial orientation (EO) and access to debt finance and SMEs' performance. The results also show that access to debt finance, to a large extent, mediates the relationship between entrepreneurial orientation and the performance of SMEs. Olawale (2012) recommended that continuous training and inclusion of entrepreneurial orientation in the reward system can improve entrepreneurial orientation.

In his research, Ajayi (2016) noted a strong positive relationship between institutional environmental factors, networking capability, entrepreneurial orientation, and the ability of SMEs in the agricultural sector to export. The result of the survey also indicates that SMEs' ability to be proactive, manage their networking capabilities, be more innovative, and take calculated risks and institutional environmental factors all have a direct impact on the export performance of Nigerian SMEs involved in agricultural activities.

Inability to access cheap funds for the business. Mohammed et al. (2016), averred that accessing funds for business from the capital market is limited to the big business owners. Small businesses resort to personal savings, borrowing from friends and relatives, and often get loans from commercial lenders at an exorbitant interest rate. Over time, these loans become difficult to repay and sometimes lead to a foreclosure of the business. Abosede, Hassan, and Oko-Oza (2017) held that there is a direct relationship between business performance and SME finance. In their research, they noted that high-interest rates and limited knowledge on loan qualifications are factors militating against SMEs' ability to access loans. They observed a significant relationship between financial management practice and the performance of SMEs. Hence, they advised that the government should put some flexibility and simplify the process of SMEs' accessing funds from financial institutions. On their part, the government should provide incentives to encourage financial institutions to provide direct loans, guarantees, subsidized interest rates, and other benefits to SMEs (Abosede et al., 2017). There is the issue of the ever-increasing cost of logistics, commuting, transportation, too much vehicular traffic, diesel cost, and security. The challenges would lead to the high cost of doing business, overdependence on imported raw materials, spare parts, supplies, and inability to expand, leading to an absence of economies of scale and likely closure of business before the fifth anniversary.

The significance of SMEs

SMEs play a significant role in the economy of Nigeria. The level of significance they play depends mainly on the level of development of the country or region. It has been noted that SMEs in developed countries contribute more to their GDP, employment generation and general well-being than SMEs in developing countries (OECD, 2017). In the same vein, the more SMEs that operate in the formal sector have more access to funding and benefit from government schemes than those in the informal sector. Sadly, most SMEs in emerging economies operate in the informal sector, which makes them encounter difficulties accessing finance (World Bank, 2015).

In terms of the number of people employed and other employment-generation indices, the SMEs with 250 employees or more have also contributed more than SMEs with 100 employees or less. The SMEs employing more than 250 persons, or more are more prevalent in the developed nations than the developing nations. In terms of income bracket, the middle income to high-income earners can be found in SMEs in developed economies. In contrast, low-income earners are more prevalent in the developing economies, which easily explains the lower contributions to GDP growth and employment generation by SMEs in developing nations (Ayyagari et al., 2014). In Europe, 25 million SMEs employed 90 million people and generated about 3.9 trillion Euros. Hence the SMEs accounted for about 67% of employment in Europe. This aligns with 84% of the working population currently employed by SMEs in Nigeria. The sector still needs a lot of improvement and strategic support for stability. Also, there needs to be more research on the strategies for sustaining small to medium scale business in Lekki.

Promotion of Local Entrepreneurship and Indigenous Technology Development

The promotion of micro and small businesses, especially in rural areas, is one significant contribution to economic development. The presence of SMEs in a rural environment could lead to a transformation of the area as they could cause economic, developmental, and social transformation. Natural resources are better utilized as SMEs are involved in the production of goods and services. It is pertinent to mention that most of the multinationals and big corporates once started as SMEs. Examples abound in the growth of companies like Guinness of Dublin, Philip of The Netherlands, and Sony of Japan. With good policies and proper government support, the SMEs can leverage imported technologies, modernize their processes, and grow to become large corporations (Ossai, 2017).

Mitigation of Rural-Urban Drift

With the gainful employment of youths and school leavers in the rural areas, SMEs would stem rural-urban drift, especially in the developing economies. But for the SMEs, the vast resources in the rural areas remain unutilized and lying fallow. The effective utilization of the human, material, and natural resources of the rural areas play a significant role in the development of the economy (Ossai, 2017). SMEs provide the necessary goods and products to the larger companies for onward export to other countries. In most cases, the rural areas provide critical raw material in the production process of the commodity. At the bottom of the export value chain are the individuals, cottage businesses, and small-scale industries that provide the necessary input for the finished product. Drawing from the points, the SME leaders get paid for their goods and services as they turn hitherto idle resources to goods and services. Thus, SME business leaders generate income, redistribute income by paying salaries to employees and taxes to the government. The government uses the tax for running the state and engaging in social projects. In so doing, the gap between the rich and the poor, as well as between the rural and urban dwellers, is bridged (Ossai, 2017). Consequently, the government should continue to seek ways and initiate policies to support SMEs as they have become a veritable means of poverty alleviation and economic development (Eniola, 2014).

Conclusion

For comparison, SME in Ghana was discussed with reference to the contributions of SMEs to Ghana's economic development. The constraints of SME development in Ghana was noted to be synonymous with the constraints faced in most developing nations, and they include, but not limited, to the high level of illiteracy, the lack of finance, lack of managerial skill, use of obsolete equipment and technology, lack of infrastructure such as good roads, power, and security as well multiple taxation and technology (Arytee, 1994). The issues of policy somersaults and limited access to international markets are also constraining factors to entrepreneurship. Lastly, the prospects of SME in Nigeria were reviewed. It was noted that SMEs remain a veritable means for the development and growth of Nigeria, and the government should continue to seek favorable policies to enhance their activities in Nigeria (Agwu & Emeti, 2014).

With the high mortality rate of SMEs before their fifth anniversary, it is doubtful if the leaders of SMEs understand the strategies to sustain the business for continued growth and development (Abdullahi & Sulaiman, 2015). Therefore, this research has become imperative. For this study, the exploratory multiple case research design has been adopted. A research gap exists in understanding the strategies that leaders use in sustaining small to medium scale enterprises (SMEs) in Lekki, Lagos. In the background of the study, I reviewed past studies on the strategies used to sustain SME in other western parts of the world. Chapter Three contained the research methodology of the study.

Significance to Social Change

The likely potential implications of this research for positive social change are the application of findings from the study to the effective management of SMEs in such a way that the SMEs remain profitable and relevant beyond five years, which may encourage the entrepreneurial drive of the SME owners and keep them employed (Adeola & Evans, 2017). They may grow their business, generate employment for themselves and family members, and employ other people. In doing so, the SMEs would have improved households and individuals' economy, which would be a significant contribution to social change. The less privileged who wish to be economically active engage in small scale businesses. Poverty is the lack of access to basic needs such as proper nutrition, housing, water, healthcare, access to productive resources, education, work skills, tools, and political and civil rights to participate in decisions concerning their socio-economic conditions (Olatomide, 2012).

Recommendation for Practice

SME survival and growth. All SME leaders in Nigeria must strive to ensure the survival and growth of their business irrespective of the climate and changes experienced in the country and the world in general. The COVID-19 period has been confronted with lots of uncertainty, complex, volatile, and ambiguous environments in Nigeria; exchange rate volatility is also a reality. However, focusing on survival and growth by being agile and dogged as revealed in the theme one that emerged. The survival and growth of SME are the survival and growth of the individuals, the owners, and the country where the SME business is carried out. SME can also exploit the social media advantage to promote survival and growth. Firms can access resources through network relationships principally in two ways: by acquiring resources through a market transaction or by mobilizing resources. Acheampong et al. (2018) appraised SME to transfer resources from other SMEs to ensure survival and growth. This recommendation is grounded on theme one and theme five.

Funding: self-funded.

Author Contributions: conceptualization, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; data curation, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; formal analysis, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; funding acquisition, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; investigation, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; methodology, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; project administration, Dr. Karina Kasztelnik; resources, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; software, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; supervision, Dr. Karina Kasztelnik; validation, Dr. Karina Kasztelnik; visualization, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; writing – original draft, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik; writing – review & editing, Dr. Kingsley Umadia Sr., Dr. Karina Kasztelnik.

References

1. Abdullahi, I., & Sulaiman, C. (2015). The determinants of small and medium-sized enterprises performance in Nigeria. *Advances in Economics and Business, 3*, 184-189. doi: 10.13189/aeb.2015.030504.
2. Abosede, A. J., Hassan, B. A., & Oko-Oza, R. O. (2017). Performance of small and medium enterprises in Lagos State: The implications of finance. *JORIND*, *15*, 45-84.doi: 10.1117/001-2016-0014.
3. Adeola, O., & Evans, O. (2017). The impact of microfinance on financial inclusion in Nigeria. *Journal of Developing Areas. 51*, 193-206.doi: 10.1353/jda.2017.0097.

4. Agwu, M. O., & Emeti, C. I. (2014). Issues, challenges and prospects of small and medium scale enterprises (SMEs) in Port-Harcourt city, Nigeria. *European Journal of Sustainable Development, 3,* 101-114. doi:10.14207/ejsd. 2014.v3n1p101.
5. Akhtar, F., Lodhi, S. A., & Khan, S. S. (2015). Pamaculture approach: linking ecological sustainability to business strategies. *Management of Environmental Quality: An International Journal, 26,* 795-809. doi:10.1108/MEQ-01-2015-0001.
6. Ali, A. J. (2014). Freedom and economic prosperity. *International Journal of Commerce and Management, 24,* 2-5. doi:10.1108/IJCOMA-12-2013-0127
7. Anochie, U. C., Ude, D. K., & Egbo, V. O. (2015). Entrepreneurship and socio-economic development: The case of Nigeria. *International Journal of Management Sciences, 6,* 346-365.doi:10.1108/IJMS-2014-00145.
8. Ayyagari, M., Demirguc-Kunt, A., & Maksimovic, V. (2014). Who creates jobs in developing countries? *Small Business Economics, 43,* 75-99.doi:10.1007/s11187-014-9549-5.
9. Biedenbach, G., & Manzhynski, S. (2016). Internal Branding and sustainability: Investigating perceptions of employees. *Journal of Product & Brand Management, 25(3),* 1-25. doi:10.1108/JPBM-06-2015-0913.
10. Brown, J., Dillard, J., Hopper, T., Byrch, C., Milne, M. J., Morgan, R., & Kearins, K. (2015). Seeds of hope? Exploring business actors' diverse understandings of sustainable development. *Accounting, Auditing & Accountability Journal, 4,* 61-84. doi:10.1108/AAAJ-08-2013-1438.
11. Brundtland, G. (1987). Our common future: The report of the 1987 World Commission on Environment and Development. New York, NY: Oxford University Press. Available at: https://www.are.admin.ch/are/en/home/sustainable-development/international-cooperation/2030agenda/un-_-milestones-in-sustainable-development/1987--brundtland-report.html.
12. Central Bank of Nigeria (2005). Micro finance policy, regulatory and supervisory framework for Nigeria. *Central Bank of Nigeria Report*. Available at: chrome-extension://ohfgljdgelakfkefopgklcohadegdpjf/https://www.cbn.gov.ng/Out/2011/publications/dfd/Reviewed%20Microfinance%20Policy%20July%2012%202011.pdf.
13. Central Bank of Nigeria (2015). N300 billion real sector support facility: Guidelines. Abuja, Nigeria: *Development Finance Department*. Available at: chrome-extension://ohfgljdgelakfkefopgklcohadegdpjf/https://www.cbn.gov.ng/out/2015/dfd/real%20sector%20support%20facility%20guidelines.pdf.
14. Collins, D. (2016). Lean strategy: Start-ups need both agility and direction. *Harvard Business Review*, (March 2016), 63-68. Available at: https://hbr.org/2016/03/lean-strategy.
15. Darcy, C., Hill, J., McCabe, T. J., & McGovern, P. (2014). A consideration of organizational sustainability in the SME context: A resource-based view and composite model. *European Journal of Training and Development*, *38*, 398-414. doi:10.1108/EJTD-10-2013-0108
16. de Santos, R. R., de Melo-Melo, F. J. C., Claudino, C. N. Q., & Medeiroz, D. D. (2017). Model for formulating competitive strategy: The supplementary health sector case. *Benchmarking: An International Journal*, *24*, 219-243. doi: 10.1108/BIJ-07-2015-0076
17. Eniola, A. (2014). The role of SME firm performance in Nigeria. *Arabian Journal of Business and Management Review*, *3*(12), 33-47. doi: 10.12816/0016552.
18. Eniola, A., & Ektebang, H. (2014). SME firms' performance in Nigeria: Competitive advantage and its impact. *International Journal of Research Studies in Management*, *3*(2), 75-86. doi: 10.5861/ijrsm.2014.854.
19. Etuk, R. U., Etuk, G. R., & Baghebo, M. (2014). Small and medium scale enterprises (SMEs) and Nigeria's economic development. *Mediterranean Journal of Social Sciences*, *5*(7), 656-662. doi:10.5901/mjss. 2014.v5n7p656.
20. Guba, E. G. (1981). Criteria for assessing the trustworthiness of naturalistic inquiries. *Educational Resources Information Center Annual Review Paper*, *29,* 75-91. Available at: https://eric.ed.gov/?id=EJ247523.
21. Kachouie, R., Mavondo, F., & Sands, S. (2018). Dynamic marketing capabilities view on creating market change. *European Journal of Marketing*, *4*, 1-13. doi:10/1108/EJM-10-2016-0588.
22. Kim, M. S. (2014). Doing social constructivist research means making empathic and aesthetic connections with participants. *European Early Childhood Education Research Journal*, *22*(4), 538–553. doi:10.1080/1350293X.2014.947835.
23. Kim, J., Choi, S., & Martin, D. (2020). The halo effect of C2C interaction quality in prolonged close-

proximity service settings. *Journal of Services Marketing*, *12*, 64-81. Available at: https://doi.org.10.1108/JSM-02-2019-0098.

24. Lin, F., Ansell, J., Marshall, A., & Ojiako, U. (2020). Managing and building B2B SME brands. An emerging market perspective. *PSU Research Review*, *3*, 191-214. Available at: https://doi.org.10.1108/PRR-04-2019-0010.
25. Marshall, C., & Rossman, G. (2016). Designing qualitative research (3rd ed.). *Thousand Oaks*, CA: Sage. Available at: https://www.scirp.org/(S(351jmbntvnsjt1aadkposzje))/reference/ReferencesPapers.aspx?ReferenceID=2043112.
26. McPhee, W. (2014). A new sustainability model: Engaging the entire firm. Journal of Business Strategy, 35, 4-12. doi: 10.1108-JBS-11-2013-0106.
27. Merriam, S. B. (2009). Qualitative research: A guide to design and implementation. *San Francisco:* Josey-Bass. Available at: https://www.scirp.org/(S(i43dyn45teexjx455qlt3d2q))/reference/ReferencesPapers.aspx?ReferenceID=757189.
28. Merriam, S. B., & Tisdell, E. J. (2015). Qualitative research: A guide to design and implementation (4th ed.). *San Francisco*, CA: Jossey-Bass. Available at: https://iucat.iu.edu/iuk/15156692.
29. Mohammed, U. D., Oben'Umar, A. B., & Nzelibe, G. C. O. (2016, February). Entrepreneurial orientation, access to debt finance and the performance of small and medium enterprises in Nigeria. In *Proceedings of the Multidisciplinary Academic Conference* (pp. 77-94). Available at: chrome-extension://ohfgljdgelakfkefopgklcohadegdpjf/https://pdfs.semanticscholar.org/7e28/e26371cfdb0b019517ab86e645c6a379c7de.pdf.
30. Muller, A. L., & Pfleger, R. (2014). Business transformation towards sustainability. Business Research, 7, 313-350. doi: 10.1007/s40685-014-0011-y.
31. Nuryadin, S. (2016). A study of students' understanding of corporate social responsibility concepts at post graduate program Universitas Negeri Jakarta. *International Journal of Education and Research*, *4*, 193-200. Available at: https://www.ijern.com/Archives.php.
32. Olatomide, W. O. (2012). Concept, Measurement and Causes of Poverty: Nigeria in Perspective. *American Journal of Economics*, *2*(1), 25-36. doi: 10.5923/j.economics.20120201.04.
33. Ololube, N. P., Uriah, O. A., & Dudafa, U. J. (2014). The role of university management in sustainable national development through innovation and entrepreneurial nosiness. *International Journal of Educational Foundations and Management*, *2*(1), 13-24.doi:10.1108/IJEFM-2013-0010001.
34. Oseni, E. (2017). The relevance of entrepreneurship education to the development of micro, small and medium enterprises (MSMEs) in Nigeria. *Journal of Public Administration, Finance & Law*, *11*, 137-144.doi: 10.1108/JPAFL-2016-0014.
35. Ossai, A. (2017). The problems and prospects of small and medium scale enterprises (SMEs) growth and development in Nigeria: A study of selected SMEs in Delta State. *International Journal of Scientific Research in Education*, *10*(3), 278-294. Available at: https://www.semanticscholar.org/paper/The-Problems-and-Prospects-of-Small-and-Medium-(-)-Abeh/22c1f0247e0929d9395bd3ae723bd743bb7891f8.
36. Oyelaran-Oyeyinka, B. (2014). SME: Issues, challenges, and prospects. *A paper presented at the FSS 2020 International Conference, Abuja, Nigeria*. Available at: chrome-extension://ohfgljdgelakfkefopgklcohadegdpjf/http://eprints.covenantuniversity.edu.ng/10171/1/mrs%20E%2011.pdf.
37. Panagiotakopoulos, A. (2020). Exploring the link between management training and organizational performance in the small business context. *Journal of Workplace Learning*, *32*, 245-257. Available at: https://doi.org.10.1108/JWL-10-2019-0121.
38. Rane, S. B., Narvel, V. A., & Bhandarkar, B. M. (2020). Developing strategies to improve agility. *Business Process Management Journal*, *26*, 257-286. Available at: https://doi.org.10.1108/BPMJ-07-2017-0196.
39. Rubin, H. J., & Rubin, I. S. (2012). Qualitative Interviewing: The art of hearing data (3rd ed.). *Thousand Oaks*, CA: Sage. Available at: https://journals.sagepub.com/doi/abs/10.1177/135638909600200412.
40. Schwaninger, M. (2015). Organizing for sustainability: A cybernetic concept for sustainable renewal. *Kybernetes*, *44*, 935-954. doi: 10.1108/K-01-2015-0008.

41. Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], (2013). SMEDAN and National Bureau of Statistics Collaborative Survey: *Selected Findings*. Available at: chrome-extension://ohfgljdgelakfkefopgklcohadegdpjf/https://nairametrics.com/wp-content/uploads/2015/07/SMEDAN-2013_Selected-Tables-1.pdf.
42. Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], (2015). SMEDAN & Nigeria Bureau of Statistics (NBS): *Survey report on micro, small, and medium enterprises in Nigeria.* Available at: https://www.pwc.com/ng/en/events/nigeria-sme-survey.html
43. Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], (2017). SMEDAN & Nigeria Bureau of Statistics (NBS): *Survey report on micro, small, and medium enterprises in Nigeria.* Available at: https://smedan.gov.ng/41-5m-msmes-registered-in-2017-nbs-smedan-national-survey/.
44. Stake, R. E. (2013). Multiple-case study analysis. *Guilford Press*, New York, NY. Available at: https://www.guilford.com/books/Multiple-Case-Study-Analysis/Robert-Stake/9781593852481.
45. Tacq, J. (2011). Causality in qualitative and quantitative research. *Quality & Quantity*, *45*, 263–291. doi: 10.1007/s11135-009-9293-0.
46. Tan, Q., & Sousa, C. M. (2016). Leveraging marketing capabilities into competitive advantage and export performance. *International Marketing Review*, *32*, 78-102. Available at: https://doi.org.10.1108/IMR-12-2013-0279.
47. Tche, J. (2009). Role of microfinance saving in Cameroon. A neo-structuralist analysis. *International Journal of Development Issues*, *8*, 48-60.doi: 10.1108/14468950910967065.
48. Teece, D. J. (2017). Business models and dynamic capabilities. Long range planning. Available at: https://doi.org/10.1016/j.lrp.2017.06.007.
49. Teece, D. J. (2018). Dynamic capabilities as (workable) management systems theory. *Journal of Management & Organization*, *24(3)*, 359–368. doi:10.1017/jmo.2017.75.
50. Wagner, B., & Svensson, G. (2014). A framework to navigate sustainability in business networks: The transformative business sustainability (TBS) model. *European Business Review*, 26, 340-367. doi:10.1108/EBR-12-2013-0146.
51. World Bank (2015). Small and medium enterprises (SMEs) finance. Available at: https://www.worldbank.org/en/topic/smefinance.
52. World Bank (2017). The World Bank in Nigeria. Available at: chrome-extension://ohfgljdgelakfkefopgklcohadegdpjf/http://pubdocs.worldbank.org/en/908481507403754670/Annual-Report-2017-WBG.pdf.
53. Yin, R. K. (2009). Case study research: Design and methods (5th ed.). *Thousand Oaks*, CA: Sage Publications. Available at: https://www.amazon.com/Case-Study-Research-Methods-Applied-ebook/dp/B00O3LEIPA.
54. Yin, R. K. (2014). Case study research: Design and methods (5th ed.). *Thousand Oaks*, CA: Sage Publications. Available at: chrome-extension://ohfgljdgelakfkefopgklcohadegdpjf/https://evaluationcanada.ca/system/files/cjpe-entries/30-1-108.pdf.
55. Yin, R. K. (2017). Case study research and applications: Design and methods (6th ed.). *Thousand Oaks*, CA: Sage Publications. Available at: chrome-extension://ohfgljdgelakfkefopgklcohadegdpjf/https://edisciplinas.usp.br/pluginfile.php/1742025/mod_resource/content/1/How%20to%20know%20whether%20and%20when%20to%20use%20the%20case%20study%20as%20a%20reserach%20method.pdf.