



Small Business Mortality and Survival Strategies in Nigeria

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Abstract

This study looked at the connection between strategies for survival and small business mortality in Nigeria. Four (4) categories of these commercial enterprises' personnel were studied using a cross-sectional research approach. The study's population consisted of our respondents, who were managerial staff. Fifty-three (53) copies of the questionnaire were analyzed from the field survey; the Statistical Package for Social Sciences version 20.0's Spearman's rank order correlation coefficient was used to ascertain whether there was a relationship between the variables, and the p-values were used to test the study's hypotheses. The results showed a strong correlation between the lifetime of small enterprises and the elements of entrepreneurial success, including formal education, financial resources, and strategic planning. It was therefore determined and subsequently concluded that business knowledge shapes and drives one's ability to sell or accomplish more as well as to set oneself out from the competition. This led to our suggestions that the owners and managers of the companies should consider their operations from a long-term standpoint and ensures that adequate plans or strategies are in place to satisfy the long-term vision and goals of the business.

Keywords: *Small business mortality, formal business knowledge, financial resources, strategic planning and survival strategies.*

Introduction

In both developed and developing countries, small and medium-sized enterprises, or SMEs, constitute the foundation of global

economies and the initial stage of industrialization. Since they comprise 99 percent of all businesses in developing countries, these companies are important

(Okpalaojiego, 2021). About 90% of businesses in both developed and developing countries are small and medium-sized enterprises (SMEs), which make them significant drivers of economic growth because of their capacity to generate jobs, provide employment, pay taxes, and contribute to GDP. However, many SMEs in Africa face a number of challenges, including a lack of funding, poor management skills and competences, corruption, and ignorance, despite their significant and positive role. It is interesting to observe that most African governments offer very little support to SMEs, ignoring a vital economic engine that should act as a foundation for development. Since small businesses are frequently viewed as tools for economic development and progress, governments have put a lot of effort into developing laws that support the subsectors' expansion and sustainability. Mohamed (2022) asserts that small businesses are critical to the growth and stability of national economies.

Many people romanticize entrepreneurship as a path filled with profitable endeavours, game-changing inventions, and success stories. But beneath the glitz lurks a world full of danger, uncertainty, and difficult obstacles. Startup founders must negotiate a challenging environment that is marked by intense competition, limited resources, unstable markets, and the constant fear of failure.

The capacity to tolerate setbacks, adjust to shifting conditions, and endure hardships becomes crucial in this situation. Researchers, policymakers, and practitioners are paying more and more attention to this skill, called resilience, in an effort to comprehend how it contributes to the success of entrepreneurs. With roots in organizational and psychological theories, resilience has been described in a variety of ways across disciplines.

Resilience is frequently understood in the context of entrepreneurship as the ability to overcome obstacles, failures, and setbacks that arise when pursuing business objectives

(Emon & Nipa, 2024). It has behavioral, emotional, and cognitive components and represents a person's capacity to remain composed, solve problems successfully, and adjust to shifting conditions in the face of uncertainty (Naumzik, Feuerriegel & Weinmann, 2022).

Market swings, technological setbacks, financial shortages, and emotional stressors are just a few of the obstacles that entrepreneurs must overcome in order to succeed (Lee et al., 2021). The consequences of resilience for venture survival, growth, and innovation highlight the significance of resilience in entrepreneurship. According to research, entrepreneurs who are resilient are better able to endure the failures and setbacks that are unavoidable in the early phases of venture development (Naumzik et al., 2022). Their ability to persevere, adjust, and solve problems creatively allows them to change course, iterate, and seize chances that arise from hardship (Naumzik et al., 2022). Additionally, among entrepreneurs, resilience is linked to improved psychological wellness, less burnout, and increased job satisfaction (Gartenstein & Seidel, 2019). Despite its importance, little is known about resilience's role in entrepreneurial success, especially when looking at it qualitatively. Qualitative study provides a deeper knowledge of how resilience appears in the lived experiences, perspectives, and strategies of startup founders, whereas quantitative studies have looked at the relationship between resilience and venture outcomes.

Using qualitative approaches, researchers can explore the nuances of resilience, uncovering its underlying mechanisms, contextual effects, and implications for entrepreneurial practice (Gartenstein & Seidel, 2019). Qualitative study sheds light on the complex interaction between resilience, decision-making, and venture performance in real-world contexts by examining the experiences and viewpoints of business owners (Gogas, Papadimitriou & Agrapetidou, 2018). This qualitative

study attempts to close this gap in the literature by investigating the significance of resilience in entrepreneurial success through in-depth interviews with business founders. The study employs a phenomenological technique to gain insight into the subjective resilience-related experiences, perspectives, and strategies of entrepreneurs. In particular, the study seeks to address the following research questions:

Statement of the Problem

Since SMEs account for the majority of businesses in the country, this study project must be completed due to the sector's subpar performance. In contrast to 40% in Asia and 50% in the USA, SMEs barely make up 1% of the country's GDP, according to Oyelaran (2010). According to other studies on the issues, challenges, and opportunities that SMEs face—such as Charles and Babatunde (2012) and Agwu (2014)—entrepreneur incompetence is the main factor contributing to subpar performance and, eventually, the failure of SMEs and small businesses. Talik, Laguna, Wawrzenczyk-kulik, and Talik & Wiacek (2012) argued that while SMEs' performance has been discussed in academics and policy, research on skills have been focused on large enterprises, with SMEs receiving less attention.

Although it is commonly held that entrepreneurial competencies and SMEs' performance are positively connected, there is evidence that this is not always the case. Findings from past studies that aimed to ascertain the direction of the performance-competence link were not always consistent. While Fatoki (2014) and Julius (2011) reported positive associations, Oo (2007) and Sanda (2011) reported negative ones. For example, Sanda (2011) found that while small firm CEOs were highly competent, their performance did not appear to benefit from this.

What may be deduced from these variations? In their evaluation of the literature on entrepreneurial competencies, Mitchelmore and Rowley (2010) recommended that more research be done on the connection between

business success and entrepreneurial performance and competencies in light of the discrepancies. Therefore, the primary goal of this study is to clearly examine the connection between entrepreneurial skills and SMEs' success. Once more, the two main areas of prior study on entrepreneurial performance and competencies are entrepreneurial skills (Cooney, 2013; Kinyua, 2014) and entrepreneurial traits (Ogunleye, 2012; Sarkowa, 2013). The impact of entrepreneurial motivations on performance has received little attention. The only research that have attempted to test this link are two.

There is no literature that has tested a direct relationship between entrepreneurial motives and the performance of SMEs. Waita (2013) in Kenya examined the relationship between his employees' entrepreneurial motivation and how that affects business performance, and Liebrechts (2013) in the Netherlands examined how entrepreneurial motives affect business performance through some mediating factors.

This necessitates that studies explicitly look into a direct correlation between the variables. Despite the fact that Van der Laan, Driessen, and Zwart (2010) created a framework for assessing entrepreneurial competency that includes entrepreneurial motivations, skills, knowledge, and traits, they have not in any way assessed the elements' predictive validity.

In an in-person interview with the Manager of the Kaduna State SMEDAN Office, it was disclosed that the funds could not be recovered because many recently founded businesses were shut down and those that were already established did not significantly expand due to the entrepreneurs' lack of the requisite skills. He continued by saying that many financial institutions, particularly commercial banks, had been deterred from pursuing some of these plans by the possibility of loan nonpayment. In light of this, the researcher believes it is appropriate to examine the true nature of this assertion by looking at small

business survival and mortality rates in Nigeria.

The purpose and goals of the research

Other particular goals of the study include

- i. Determining the relationship between formal business education, knowledge, skill, and experience and small business longevity in Nigeria; and
- ii. Determining the association between small business mortality and survival methods in Nigeria.
- iii. To investigate the connection between Nigerian small business longevity and financial resources
- iv. To ascertain the connection between strategic planning and the longevity of small businesses in Nigeria

Questions for research

The study's research questions are as follows:

- i. What connection exists between the lifespan of small businesses in Nigeria and
- ii. Formal business education, knowledge, skill, and experience?
- iii. What connection exists between Nigerian small business longevity and financial resources?
- iii. What is the relationship between strategic planning and small business longevity in Nigeria?

Research hypotheses

The following null hypothetical statements are raised for the study

H01: The lifetime of small businesses in Nigeria is not significantly correlated with formal business education, knowledge, skill, or experience.

H02: In Nigeria, there is no discernible correlation between the lifetime of small businesses and financial resources.

H03: In Nigeria, there is no discernible link between the longevity of small businesses and strategic planning.

Literature review

The Concept of Small Business Mortality

Small business mortality is the term used to describe the closure or failure of small firms within a given time period, with many of them not lasting past their first few years. This idea emphasizes the difficulties small firms encounter in maintaining operations and the causes of their death. Most small businesses, especially those that are just getting started, fail within the first few years. For instance, statistics indicate that 80% of small enterprises in Nigeria collapse after five years (Chukwuka 2016). Both internal and external factors might have an impact on business mortality. Poor management, weak financial planning, a lack of entrepreneurial abilities, and inadequate succession planning are examples of internal factors. External Factors: Business failure can also result from technology upheavals, harsh market competition, adverse regulations, and economic downturns. The generation of jobs and economic growth depend heavily on small businesses. High death rates can impede these contributions and have a detrimental effect on regional economies (Chukwuka 2016).

Small Business Survival Strategies in Nigeria

A survival strategy for longevity of small businesses depends on having a clear succession plan, putting good marketing techniques into practice, and cultivating strong managerial abilities. Although the duration of a business's collapse might vary, studies indicate that companies in the manufacturing sector often have a longer time to failure and a higher survival rate than those in the commerce or service sectors.

Declining cash flow, an inability to pay debts, a loss of clients, and an unclear business plan are some early warning indicators (Chukwuka & Imide 2023). Small

businesses in Nigeria should prioritize sound financial management, efficient marketing, establishing a strong network, and flexibility in order to assure their existence. This entails using modern tools, investigating new markets, and carefully planning your budget. Long-term success also depends on creating a positive work atmosphere and emphasizing client satisfaction (Chukwuka & Igweh 2024).

According to Chukwuka (2016) Monitoring spending, controlling cash flow, and making wise decisions all depend on putting in place strong budgeting procedures and keeping correct financial records. Companies can manage cash flow and finance expansion by looking into loan, grant, and other financing sources. The key to increasing profitability and maintaining financial stability is recognizing and cutting down on wasteful spending. Businesses can advertise their goods and services and reach a larger audience by utilizing social media, email marketing, and other internet channels. Good word-of-mouth and repeat business can be generated by cultivating close relationships with consumers through individualized contact, exceptional service, and loyalty programs. In order to stay ahead of the competition and customize goods and services for the market, it is essential to comprehend the demands and preferences of customers.

Theoretical Review

This Study aligned with these theories and their applications can help the small businesses reduce their mortality rate drastically and help them to succeed and compete favourably.

Entrepreneurial Wealth Creation Theory

According to the entrepreneurial wealth creation theory pioneered by Chukwuka (2025) entrepreneurs create wealth by allocating resources, innovating, and creating new value, all of which eventually benefit society as a whole. Rather than

concentrating only on financial transactions, this approach highlights that wealth creation results from recognizing and finding innovative solutions to society problems. It emphasizes how crucial it is to spot possibilities, come up with solutions, and produce financial gains in order to create wealth.

Entrepreneurs recognize societal issues and create novel solutions to deal with them. In order to create and execute their ideas, entrepreneurs efficiently manage and distribute resources. The ability to produce new value that addresses a need or resolves an issue is the foundation of wealth creation. When solutions are successfully implemented, financial gains are obtained, which further contributes to the building of wealth. Through the production of jobs, economic expansion, and better living standards, entrepreneurial wealth creation helps not only the entrepreneur but also the larger community.

Entrepreneurs identify societal problems and develop innovative solutions to address them. Entrepreneurs effectively allocate and manage resources to develop and implement their ideas. The basis of wealth creation is the capacity to create new value that solves a problem or meets a demand. Successful implementation of solutions results in financial gains, which further adds to the accumulation of wealth. Entrepreneurial wealth development benefits the entrepreneur as well as the greater community by creating jobs, boosting the economy, and raising living standards. Entrepreneurial wealth creation theory essentially highlights a positive feedback loop in which recognizing and resolving societal issues generates wealth, which in turn stimulates additional innovation and problem-solving, eventually to the advantage of the individual entrepreneur and society as a whole. Chukwuka's study argues that the term POSMOW—which stands for Problems, Opportunities,

Solutions, Monetary Rewards, and Wealth—represents this concept.

RBV Theory and Small Business

Researchers have employed the RBV, a strategic management theory, to examine firm resources, capacity, and routines—all of which are essential to business operations and competitive advantage. (Gottschalk, Sandra & Bettina Müller, 2022) Dissatisfied with the neoclassical economic approach to a firm's commercial growth, Edith Penrose created the RBV in the late 1950s (Gottschalk et al., 2022). Firm managers are motivated to attain economic optimum, which propels resource management and, in turn, organizational behavior and performance, according to an RBV approach.

Firm managers should place a high value on resource divergence and fixity in order to create and maintain a competitive edge. Managers should create unique corporate resources that rivals cannot imitate, claim (Gogas et al., 2018). First, managers can create a competitive advantage by utilizing precious and uncommon resources. Managers can manage their companies more effectively and efficiently by using valuable resources. Second, in order to generate a sustainable advantage, resources need to possess specific qualities. It is challenging to copy, replace, and move the priceless resources from one organization to another. RBV is used by small business managers to analyse SME resources and connect performance to outside sources.

Gumel (2017) state that using the RBV, researchers contended that SME managers mostly turn to external accountants for professional services due to a lack of internal resources. Due to their economic contribution and susceptibility to market flaws, small business executives require assistance and guidance (Deena & Gupta, 2021). SME managers can acquire the skills and information they require from outside service providers by depending on outside sources (Deena & Gupta, 2021). The

fundamental tenet of RBV theory is that managers of companies can achieve a state of ongoing competitive advantage by obtaining and managing resources that are rare, valuable, unique, and non-substitutable (VRIN). The RBV idea provides a detailed explanation of the internal factors that contribute to a firm's sustained competitive advantage.

Capability-based View

Another useful theory for this study is the capability-based view, which is based on the RBV (Du Jardin, 2018). The capability-based view is a link between RBV and general competitive strategy. According to Deena and Gupta (2021), proponents of the capability-based approach put a lot of effort into accumulating experiences over time in order to develop particular capabilities through path-dependent processes. According to the RBV concept, capability refers to organizational capability; however, in the capability-based view, capability refers to dynamic capability and encompasses a variety of entities, including teamwork, individual individuals, and organizations. RBV defines a resource as an input or asset, whether material or immaterial, that is utilized in production. According to RBV, an organization's capacity to carry out a planned series of actions utilizing organizational resources in order to accomplish a specific outcome is known as organizational capability. According to the capability-based view, there are numerous significant magnitudes that contribute to resource development dynamism under the capability idea. A key conceptual focus of the capability-based view, as opposed to the firm's RBV, is the development of a particular capability within the organization that goes beyond generic capability.

The ability of the company's leader to advance through a series of developmental stages is the basis of the capability-based perspective notion. The capability of a firm's lifespan is another important focus of the

notions of the capability-based view. In contrast to RBV, another key idea of the capacity-based approach is that organizational and individual capabilities are the coordinates of a firm's capability developments. According to Durica, Podhorska, Durana (2019), if a company's target and procedure are clear, its leaders might aim for a variety of goals to get a competitive edge.

However, because the goal of the study is to investigate certain organizational sustainability strategies, RBV was chosen over a capability-based view of the firm. The idea of a capability-based view is related to the topic of social capital and teamwork, which is not relevant to this study.

Entrepreneurial development theory

Although economic development theory and financial inclusion theory were also included in the study as complementary theories to the theory of entrepreneurial development, the theory of entrepreneurial development was the most important theory in this investigation.

The process of creating the resources and abilities required for managing and expanding a business is explained by the entrepreneurial development theory. The idea provides valuable guidance on how to establish and expand sustainable entrepreneurship.

In its comprehensive sense, entrepreneurial development theory describes how a business organization's promoters and the organization itself work together to create a long-lasting, lucrative enterprise. According to the notion of entrepreneurial development, the expansion and viability of business organizations depend on elements including financial inclusion, enterprise management competencies, education, training, and skills. These factors, according to proponents of the idea of entrepreneurial development, are the elements of entrepreneurial development that are necessary for the success of business organizations.

Small and medium-sized businesses (SMEs)

Similarly, small and medium-sized businesses, or SMEs, are at the core of Africa's promising growth. Over 95 percent of all businesses in Sub-Saharan Africa are SMEs (Durica, Podhorska & Durana, 2019). Given their ability to lower poverty, increase a nation's GDP, and create jobs for the vast majority of people, it is noteworthy that SMEs are even more important (Durica et al., 2019). In addition to providing a source of revenue and jobs, the industry is especially significant because of its straightforward approach to meeting the requirements of the majority of Africans by providing reasonably priced goods and services at fair terms and pricing (Durica et al., 2019).

SMEs differ in size from tiny microbusinesses with one or two employees and very little or no growth to rapidly expanding medium-sized companies with millions of dollars in revenue and the majority with up to 250 people (Durica et al., 2019). The definitions of the firms also differ; some require millions of dollars to launch, while others require little capital (Denton, 2020). Many industries around the world use certain metrics, including as yearly turnover, total assets, number of workers, and capital investments, to identify SMEs (Boso, Adeleye, Donbesuur & Gyensare, 2019). There is no widely accepted definition of SMEs, as evidenced by the analysis of various definitions of SMEs around the world, which shows that it is extremely difficult to come to a consensus. In fact, one study conducted by (Boso et al., 2019) in 75 countries found that more than 75 definitions were used in the target countries. The definitions will continue to change according to the nation, industry, size of the company, assets, and goods. For example, companies with fewer than 500 employees are referred to as SMEs by Canadians and Americans, whereas small businesses are defined as those with fewer than 100 employees and revenue. In Belgium, SMEs are companies with fewer

than 100 employees, whereas in Germany, SMEs are companies with a maximum of 250 employees.

About 80% of the world's population makes their living and finds work in SMEs (Bushe, 2019). In particular, 30% of jobs are provided by microbusinesses, 20% by small businesses, and 10% by medium-sized firms (Alshami, Mamun & Rashide, 2020). Over 90% of enterprises in Africa are SMEs, and they account for roughly 50% of the continent's GDP (Alshami et al., 2020).

SMEs give Africa a platform to grow and serve as the bridge from small industries to huge, highly developed, sophisticated sectors.

Factors affecting SMEs success

Failure causes, according to (Amankwah-Amoah & Wang, 2019), are obstacles that may arise from a company's internal and external environments and have a negative impact on its performance. Due mostly to variations in the social and political climate of the host nation, these variables may differ between economies (Amankwah-Amoah, Adomako & Berko, 2022).

While the external environment refers to elements outside the organization, the internal environment relates to elements inside a corporation. Environmental elements over which a business has no influence are referred to as external effects, whereas internal.

The term "factors" refers to the attributes of the company.

Internal factors can frequently be foreseen ahead of time, but some external causes of business failure are less foreseeable (Amankwah-Amoah, Adomako & Berko, 2022).

corporate owners and employees have the most control over internal factors, which are aspects of the corporate environment (Amankwah-Amoah et al., 2022). The following internal factors were suggested by various authors (Sherman & Seidel, 2019): a lack of a clear target market, a poorly chosen business location, an inability to create a long-term business plan, personal

issues (health, marital, etc.), ineffective advertising or promotional strategy, a lack of understanding of pricing strategy, inadequate financial accounting record keeping, a lack of formal college education, a lack of managerial experience, skills, and training, a lack of knowledge of the current business situation, a failure to consult with knowledgeable and professional businesspeople, a failure to sell what customers want, a poor relationship with customers, a lack of employee satisfaction, a disregard for legal issues, a disregard for competition, and a lack of adequate cash flow.

Government Regulations

Insufficient resource allocation and overzealous government regulation consistently jeopardize the small business sector's existence (Chamberlain & Smith, 2006).The owners' money and effort are wasted by the many laws and regulations related to the licensing process, which ultimately led to the failure of their companies.According to Arasti (2011), one of the main causes of small business failure was unsupportive government policies.

Herrington (2014) asserts that small firms find it extremely challenging to obtain the licenses and permits required to start and grow their operations. Less bureaucratic red tape and the development of a calm and stable environment are required to support the establishment of new companies and the expansion of existing ones, claim Nieman and Nieuwenhuizen (2008).

Eliminating significant bureaucratic rules and regulations that entrepreneurs must abide by should help increase the economy's competitiveness because more enterprises would enter the market, claim Nieman and Nieuwenhuizen (2009).

Another element that may affect entrepreneurs and cause them to be disappointed is the administrative framework of tax laws, business permits, and activity authorization; it may also make them less inclined to pursue their goals. A highly bureaucratic environment with

frequently changing regulations that could be harmful to businesses' success. According to Arsti (2011), "the regulations in Iran are affecting 11 different aspects of the life of a business and these aspects include starting a business, dealing with construction permits, registering property, obtaining credit, protecting investors, paying taxes, trading across borders, enforcing contracts, closing a business, getting electricity, and employing workers."

Small Business Mortality

According to Siow Song Teng et al. (2011), business success is the continuing of a business with no profits or losses, whereas business failure is the discontinuation of a business with losses to creditors and shareholders. Compared to small and big enterprises with more than 50 employees, employees at companies with fewer than 50 employees lost their jobs at a higher rate between 2007 and 2009 (Malchow-Moller, Schjerning, & Sorensen, 2011). Business failure happens when revenue declines or costs rise, resulting in a company's insolvency and limiting its potential for net equity. There are several ways to define high small business failure rates (Cochran, 2001). Effective management and sufficient money are two criteria that determine a company's failure rate (Salman, von Friedrichs, & Shukur, 2011). A firm manager's choices, actions, and company conduct are linked to business failure (Minello et al., 2014). The behavior of the manager, internal organizational factors, and external environmental factors can all have an impact on a company's success or failure (Minello et al., 2014). The SBA classifies small businesses according to their yearly revenue, number of employees, and industry (Salas-Fumas & Sanchez-Asin, 2011).

According to Campbell et al. (2012), there are other ways to categorize small businesses by size, such as the number of owners and managers, yearly sales, net income, net worth, and a combination of these factors. Due to varying definitions of failure, researchers have incorrectly

suggested solutions based on inconsistent findings from previous studies (SalasFumas & Sanchez-Asin, 2011). There are several reasons why small firms fail, such as partnership disputes, bankruptcy, voluntary termination, and lost opportunities (Yallapragada & Bhuiyan, 2011).

Legal disputes, the owner's personal limits, elective cessation, mergers or acquisitions by other companies, and the owner's passing are additional causes of small business failure. According to Stafford, Bhargava, Danes, Haynes, and Brewton (2010), businesses need to endure in order to thrive. About 50% of new small firms make it for at least five years (U.S. Census Bureau, 2014). Around five years is how long less than half of new enterprises last. According to SBA data, around 75% of new enterprises fail during the first five years on average across all industries (SBA, 2011). Due to their restricted access to the credit markets, small businesses are more likely to file for bankruptcy than large ones (Salman et al., 2011). Over 80% of small businesses fail during the first six years when all factors contributing to firm termination are taken into account (Arasti et al., 2012). Only over half of all new small enterprises survive for five years, and roughly one-third survive for ten years or more (Hibbler-Britt & Sussan, 2015). Small businesses have a low survival rate.

Factors to the Longevity of Small Businesses

Formal Business Education, Knowledge, Skills, and SME longevity

For SMEs to be successful, their owners and managers must have a certain level of business expertise. Having this business knowledge and abilities aids those in charge of a company in planning, strategizing, and comprehending the risks. According to Bosworth and Turner (2018), formal education and training, work experience, and skill development are crucial prerequisites for small business expansion. Owners and managers of SMEs require both

conceptual and technical abilities to increase their productivity and capability.

Proficiency in business is a crucial strategic advantage. It is the culmination of abilities, insights, experiences, and skills that together provide a foundation for corporate success.

Research has demonstrated that capacity-building and employee knowledge work together to help business owners understand the business environment in which they operate and create effective strategies that can help them overcome these challenges that come with running a small business, like the ineffective and inefficient allocation of resources (Bosworth & Turner, 2018). There is evidence that small businesses are susceptible to a number of challenges that could impede their growth.

Since knowledge is intrinsically unique, it is extremely valuable. Business activity, the capacity to sell or accomplish more, and the ability to differentiate oneself from the competitors are all shaped and driven by business knowledge. For SMEs to succeed, having a trained workforce is essential. Finding individuals with the talents to support the expansion of the company is the duty of SMEs' owners and managers. There are several skill sets, and a mix of technical, management, business, and staff experience abilities is essential to pursuing growth and sustainability (Del Giudice, 2017).

According to Del Giudice (2017), SME owners and managers have utilized the business expertise, abilities, and experience of their staff as vital resources to gain a long-term competitive edge. Along with expertise and knowledge, the aforementioned abilities are also intangible assets. They are categorized as resources under RBT. These intangible resources are nonetheless unique and have a certain quality. The significance of skills and how they contribute to the success of small businesses is no longer up for debate. Small business owners and managers must develop plans to anticipate and address skill shortages because they have a detrimental impact on a company's ability to grow and survive.

Financial resources and SMEs longevity

To fulfill their business vision and goals, all entrepreneurs, regardless of age, size, or location, need financial resources like capital and operating cash flow. One crucial component that helps small businesses thrive and endure is financial resources. Every entrepreneur launching a new company needs certain resources, no matter how modest, and has to cover certain costs, like business registration fees, staff costs, and other ongoing expenditures during the initial stages of the company's existence.

Financial resources are therefore a crucial asset since linked resources like material and human resources could not be acquired without them. The development, expansion, and sustainability of any economy are greatly aided by the financing of SMEs. Finding both startup and operating finance has frequently been a problem for small business entrepreneurs. The assertion that funding is a major obstacle to SMEs' expansion and survival is supported by the estimated credit gap for SMEs in emerging markets, which is above US\$1 trillion.

Funds from personal savings, donations from family and friends, outside sources like financial institution loans, unofficial sources, crowdfunding, and the sale of private assets are some of the ways small business owners raise their startup capital (Bosworth & Turner, 2018). Bank loans, unofficial financial institutions, social networks, and social capital are some of the ways that small enterprises obtain funding (Bosworth & Turner, 2018). Small business owners and young start-ups frequently have to rely entirely on unofficial sources of funding because they are unable to show collateral security and business history.

Governments worldwide are very concerned in the performance and funding of SMEs because of their ability to promote social and economic growth. Leaders in Nigeria's corporate and government sectors have realized how crucial it is to fund SMEs, and as a result, they concur that one of the

pillars of economic progress is the expansion of SMEs. SMEs in Nigeria still face difficulties obtaining startup and expansion capital funding from traditional commercial banks, despite the fact that having access to financing allows them to grow their companies and acquire better technology for manufacturing, ensuring their competitiveness. Most commercial bank loans given to SMEs have terms that are much too short to cover any significant investment (Taiwo, 2016). To help finance SMEs, the Nigerian government has implemented a number of laws and programs.

Strategic planning and the longevity of small businesses

The idea of strategy has its roots in the military, where army generals outlined strategies for organizing their forces to destroy the opposition. The decisions and activities made within a company endeavour to accomplish its objectives and obtain a competitive advantage in its sector are referred to as business strategy. A business strategy acts as a roadmap for decision-making about resource allocation by outlining what owners and managers must do to accomplish the company's objectives (Dobni et al., 2016). The intended outcomes follow from the strategy.

Lack of strategic planning can result in missed opportunities and resource waste by creating a lack of a clear business strategy, accumulating contingencies, or making it difficult to gauge success or failure (Turner & Endres, 2017). An organization's approach for directing its daily operations is called strategic planning. Budgets, financial forecasts, and cash flow appear to be the main focus of typical SME strategic planning, with little attention paid to non-financial factors. Strategic planning encompasses three key elements. These elements include strategy formulation, which makes use of a company's goals, mission, and vision.

Owners and management of SMEs may find that strategic planning aids in creating a

clear plan of action and certain steps to create and maintain a competitive edge. Too many businesses today have made significant financial investments on beautiful blueprints and strategic planning, only to have them fail during the implementation phase.

According to Elbanna et al. (2016), strategic planning is a management fad that is on the verge of dying because it has gotten too logical over time. According to reports by Naradda et al. (2020), despite 87% of the sampled organizations reporting sentiments of disappointment and irritation with their systems, the majority of them remain strongly dedicated to strategic planning. Additionally, 59% of respondents primarily blame their dissatisfaction on difficulties putting ideas into action. Compared to their counterparts without a strategic plan, business owners and managers who employ an organized yet adaptable strategic planning approach perform better (Turner & Endres, 2017). These are the explanations offered by critics for why formal strategic planning might disappear in the coming years.

Methodology

Using a cross-sectional survey research design, this study examined a subset of small and medium-sized businesses across four (4) categories: cottage industries, export-oriented industries, domestic market-oriented industries, and supporting sectors. Small and medium-sized businesses (SMEs) come into these four industries, which make up our accessible population. Nevertheless, our study units include the managerial staff of the companies, meaning that our unit of analysis is at the organizational level of the organization. We received the information on the organization's functional departments from the human resources department. Spearman's rank order correlation coefficient statistical tool was used to analyze the fifty-three (53) copies that were recovered and examined. The questionnaire was the tool used to collect data from the respondents.

Results and Discussion

Table 4.1: Spearman's correlation between small business mortality and survival strategies

			Formal.Bus. edu	Finan.Resou u	Strat.Pla nn	Longevity
Spearman's rho	Formal.Bus.e du	Correlation Coefficient	1.000	.874**	.901**	.974**
		Sig. (2- tailed)	.	.	.	.
		N	53	53	53	53
	Finan.Resou u	Correlation Coefficient	.874**	1.000	1.000**	.883**
		Sig. (2- tailed)	.	.	.	.
		N	53	53	53	53
	Strat.Plann n	Correlation Coefficient	.901**	1.000**	1.000	.922**
		Sig. (2- tailed)	.	.	.	.
		N	53	53	53	53
	Longevity	Correlation Coefficient	.974**	.883**	.922**	1.000
		Sig. (2- tailed)	.	.	.	.
		N	40	40	40	40

SPSS output, Version 20 – Field Survey, 2025

Table 4.1 shows the Spearman's rank order coefficient of correlation, which was used to determine the relationship between the factors used in this study (formal business education) and the longevity of small businesses among fifty-three (53) SMEs entrepreneurs in Nigeria who fall into four (4) categories: supporting industries, export-oriented industries, domestic market-oriented industries, and cottage industries. There is a statistically significant positive correlation between the longevity of small businesses and formal business education, knowledge, skills, and experience ($\rho = .974^{**}$, $p = .000 < 0.05$ (alpha value)). This suggests that formal business education has a significant impact on small business longevity.

Decision: We declare that there is a substantial correlation between the lifespan of small enterprises in Nigeria and formal

business education, knowledge, skills, and experience, and we reject the null hypothesis (H01). Spearman's rank order coefficient of correlation is used in Table 4.1 to explore the relationship between the longevity of small businesses and the factors used in this study (financial resources) among fifty-three (53) SMEs entrepreneurs in Nigeria across four (4) categories (supporting industries, export-oriented industries, domestic market-oriented industries, and cottage industries).

A strong positive correlation coefficient value was reported between financial resources and longevity of small businesses which was statistically significant ($\rho = .883^{**}$, $p = .000 < 0.05$ (alpha value)); this being indicative that financial resources have significant relationship with small business longevity.

Decision: The null hypothesis (H_{02}) is rejected and we state that there is significant relationship between financial resources and longevity of small businesses in Nigeria.

Table 4.1 presents Spearman's rank order coefficient of correlation run to find out the relationship between the factors that affect small businesses and their longevity as deployed in this study (strategic planning) and longevity of small businesses among fifty-three (53) SMEs entrepreneurs of along the four (4) categorizations (supporting industries, export-oriented industries,

domestic market-oriented industries, and cottage industries) in Nigeria. A strong positive correlation coefficient value was reported between strategic planning and longevity of small businesses which was statistically significant ($\rho = .922^{**}$, $p = .000 < 0.05$ (alpha value); this being indicative that strategic planning has significant relationship with small business longevity.

Decision: The null hypothesis (H_{03}) is rejected and we state that there is significant relationship between strategic planning and longevity of small businesses in Nigeria.

Table 4.2: Summary of Findings

The findings of this study are summarized as follows;

H ₀	Statement	Result	Remark	Decision
1	There is no significant relationship between formal business education, knowledge, skills and experience and longevity of small businesses	$\rho = .974^{**}$, $p = .000 < 0.05$	Strong positive and significant relationship	Rejected
2	There is no significant relationship between financial resources and longevity of small businesses	$\rho = .883^{**}$, $p = .000 < 0.05$	Strong positive and significant relationship	Rejected
3	There is no significant relationship between strategic planning and longevity of small businesses	$\rho = .922^{**}$, $p = .000 < 0.05$	Strong positive and significant relationship	Rejected

Researcher's Summary

Discussion of Findings

The study examined the relationship between small business mortality and survival strategies among selected SMEs in Nigeria; three (3) hypotheses were formulated as tentative answers to research questions raised and were tested to find support for the propositions, thus;

- i. The result of the tested H_{01} revealed the existence of a significant relationship between formal business education, knowledge, skills and experience and small business longevity; ($\rho = .974^{**}$, $p = .000$); this empirical result is corroborated with views from literature; thus, according to Bosworth and Turner (2018), formal education and training, work experience, and skill development are crucial prerequisites for small business expansion. Owners and managers of SMEs require both

conceptual and technical abilities to increase their productivity and capability. Proficiency in business is a crucial strategic advantage. It is the culmination of abilities, insights, experiences, and skills that together provide a foundation for corporate success.

- ii. The result of the tested H_{02} revealed the existence of a significant relationship between financial resources and longevity of small business; ($\rho = .883^{**}$, $p = .000$); this empirical result is corroborated with views from literature; thus, small business owners and young start-ups frequently have to rely entirely on unofficial sources of funding because they are unable to show collateral security and business

history. The assertion that funding is a major obstacle to SMEs' expansion and survival is supported by the estimated credit gap for SMEs in emerging markets, which is above US\$1 trillion. Funds from personal savings, donations from family and friends, outside sources like financial institution loans, unofficial sources, crowdfunding, and the sale of private assets are some of the ways small business owners raise their startup capital (Bosworth & Turner, 2018).

- iii. The result of the tested H_0 revealed the existence of a significant relationship between strategic planning and longevity of small businesses; ($\rho = .922^{**}$, $p = .000$); this empirical result is corroborated with views from literature; thus, the assumed link between strategic planning and SME growth has already been covered by a sizable number of scholars. According to Ralph et al. (2020), strategic planning has gained a lot of attention. Since the mid-1990s, studies on strategic business planning in SMEs have shown that this field is still in its infancy and that there is inconsistent data regarding its correlation with success.

Conclusions

The following conclusions are reached in the course of the research undertaking; Formal education and training, work experience, and skill development are crucial prerequisites for small business longevity and expansion. Owners and managers of SMEs require both conceptual and technical abilities to increase their productivity and capability through obtaining proficiency in business which becomes a crucial strategic advantage.

The assertion that funding is a major obstacle to SMEs' expansion and survival is supported by the estimated credit gap for SMEs in emerging markets, which is above US\$1 trillion. Funds from personal savings, donations from family and friends, outside sources like financial institution loans, unofficial sources, crowdfunding, and the sale of private assets are some of the ways small business owners raise their startup

capital and through it survive in their establishments

One of the most important steps in the strategic planning process is figuring out an organization's mission, goals, strategic alternatives, and policies so that resources can be acquired and distributed to meet organizational goals.

Recommendations

For sustainability and expansion, present and future small business owners should take advantage of the six action items suggested by this study. Current and prospective small business owners want to concentrate on (a) customer satisfaction tactics, (b) aggressive marketing tactics, (c) sincere dedication to the enterprise, (d) strategies for human capital, (e) strategies for business understanding, and (f) efficient supervisory tactics.

- i. For SMEs to be successful, their owners and managers must have a certain level of business expertise. Having this business knowledge and abilities aids those in charge of a company in planning, strategizing, and comprehending the risks.
- ii. The owners of these small businesses should strive to differentiate themselves from the competitors by investing more in business knowledge.
- ii. Small business owners and managers must look at their operations from a long-term perspective and make sure that sufficient plans or strategies are in place to meet the company's long-term vision, purpose, goals, and objectives.

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