

ENTREPRENEURIAL KNOWLEDGE AS FACTOR FOSTERING SMALL AND MEDIUM SCALE (SMES) SUSTAINABILITY IN NIGERIA

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Abstract

The study examined entrepreneurial knowledge as factor fostering small and medium scale (SMEs) sustainability in Nigeria. Two research questions guided the study. A descriptive research design of correlational typed was used in this study. The population of the study comprised SMEs in Lagos and Ogun states respectively. Using stratified sampling technique, a total of 475 SMEs in Lagos and Ogun states were selected as sample size. 310 (65.3%) SMEs were selected from Lagos while 165 (34.7%) SMEs from Ogun state. Researchers developed questionnaire titled 'Entrepreneurial Knowledge and (SMEs) Sustainability Questionnaire (ENKSMESS) was used for data collection with 0.89 as reliability coefficient. Research question 1 was answered and presented using descriptive statistics and bar-chart. Research question 2 was attended to using inferential statistics of Pearson Product Moment Correlation (PPMC). Regression analysis was used to test hypothesis. The findings revealed that entrepreneurial knowledge equips SMEs with valuable skills, foster innovation, develop problem-solving, leadership skills, career advancement, management and networking skills, financial skill and resource management, effective decision-making and risk-taking ability were among the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability. There was positive relationship between entrepreneurial knowledge and small and medium scale (SMEs) sustainability ($r = 0.338, p < .05$). Entrepreneurial knowledge significantly predicts small and medium scale (SMEs) sustainability ($\beta = .945, t = 22.472, p < .05$). It was recommended that SMEDAN should annually organized training on entrepreneurial knowledge for SMEs operators in Nigeria, most especially in Lagos and Ogun states. Government through collaboration with SMEDAN should find a way to ensure SMEs sustainability either through the provision of tax incentives and provision of infrastructure that can aid SMEs sustainability.

Keywords: Entrepreneurial Knowledge, Small and Medium Scale, Sustainability

Introduction

Small and Medium Enterprises (SMEs) are businesses that maintain revenues, assets, or a number of employees below a certain threshold. Small and Medium Enterprises (SMEs) play a major role in most economies, particularly in developing countries like Nigeria. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. SMEs, or small

and medium-sized enterprises, are defined differently around the world. The country a company operates in provides the specifics on the defined size of an SME. The sizing or categorization of a company as an SME, depending on the country, can be based on a number of characteristics. Thus, SMEs usually served as engine-room for sustainable economic development in terms of employment generation, poverty reduction and standard of living. They

played prominent role when comes to economic growth and development of a nation and more reason their sustainability is more important.

SMEs sustainability entailed business organization that can anticipate and meet the needs of present and future generations of customers and stakeholders through creating and innovating new business strategies and activities that accelerate positive social change, protect and preserve environmental integrity, while enhancing (Kassimi et al., 2024). SMEs sustainability can also be defined as the concept and practice undertaken by small, micro-, or medium-sized businesses which embraces business conducted in a socially responsible manner with regard to the way they relate to local and global social, environmental, and economic issues (Ikudaisi et al., 2024). According to Yilshian (2024), SMEs sustainability is about finding the perfect equilibrium where profitability and ethical responsibility not only coexist but enhance each other. The essence of sustainability in SMEs is the principle of enhancing the societal, environmental and economic systems within which a business operates. Sustainability implied a simultaneous focus on economic, social, and environmental performance. SMEs sustainability is about creating a proper balance of short- and long-term continuous improvement of both enterprise profit and outputs.

SMEs sustainability refers to the overall effectiveness, efficiency, and long-term success in achieving their business objectives (Wale, 2023). Objective indicators are based on financial and customers satisfaction factors. Revenue growth, and market share; subjective indicators comprised customer satisfaction, managers'

perceptions, and employee productivity estimations. SMEs sustainability includes long-term performance in terms of customers satisfaction. Management may take diametrically approaches to sustainability. One approach is that sustainability is a matter of compliance with some voluntary initiatives and philanthropy unrelated to the core business and goal of creating shareholder value. The other emerging approach considers sustainability in enabling opportunities to create shared value by focusing on the continuous improvements of short-term performance and long-term growth which could sometimes be possible through entrepreneurial innovations (Udemadu et al., 2022). Minh et al. (2024) said one of the ways to promote SME sustainability could be through adequate entrepreneurial knowledge.

Entrepreneurial knowledge is a foundation to help entrepreneurs understand, analyse, interpret, and use information about the environment and the resources inside their business to achieve the most favourable results when setting up a company independently ((Minh et al., 2024). They demonstrated that the entrepreneurial knowledge of SMEs is reflected through four dimensions, including formal education, work experience, functional skills, and self-confidence and this knowledge seems to have a positive influence on the value creation of an entrepreneurs (Minh et al., 2024). Oyebanjo et al. (2024) argued that SMEs with good entrepreneurial knowledge enhanced their intention in value creation inform of business startup which served as one of the methods for enhancing SMEs performance as well as sustainability. According to Wale-Oshinowo and Kuye (2019), entrepreneurial knowledge is acquired

from entrepreneurship education although this is not an automatic direct relationship. Education is a process of learning and it usually takes place in a formal institution such as schools and other academic institutions, so it can be described as formal process that can lead to the acquisition of knowledge. However, knowledge is more informally acquired through experiences and has no boundaries or limitations. While entrepreneurial education is tailored more towards acquiring knowledge, knowledge is more about application, which is applying what you know to real life situations. In other words, entrepreneurial knowledge is also now being agreed to be a vital determining factor in a country's economic growth (Stokes, 2021).

The theoretical framework for this study is based on Ajzen's Theory of Planned Behaviour. This theory was propounded by Ajzen and Fishbein in 1980 cited by Agwu, et al. (2023). The theory of planned behaviour has been in existence for a period of time and it has been criticized by different authors. Williamson (2014) regarded it as a social psychological model which can be used to assist our thinking when considering why people perform particular behaviours. The theory of planned behaviour is based on the theory of reasoned action (TRA), which was proposed by Fishbein and Ajzen in 1975-80 (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980). The theory comprises of three noteworthy develops, 1) the behavioural intention that depend on upon 2) subjective standards and 3) attitude. The more grounded the uplifting attitude toward behaviour are and the more grounded the social standards toward behaviour are, the more grounded the behavioural intention is. On the off chance that the

intention is high, the individual is liable to perform the predetermined behaviour. Behavioural intention (BI) measures the quality of the intention to execute a predetermined behaviour. Subjective standards (SN) depict the weight from peers or friends to conform to particular standards. In the event that, for instance, entrepreneurship is seen as unreasonably risky by peers and friends, then the individual is more hostile to perform entrepreneurial behaviour. Attitude (A) include of assumptions about the results of performing a predetermined behaviour.

The TRA can be unravelled in a scientific formula: $BI = SN + A$. The TRA was developed further and in 1991 Ajzen recommended the theory of planned behavior. One main development was the addition of a third attitudinal determinant of behavioural intention, perceived behavioural control. The theory accepts that specific actions are preceded by a conscious intention to act in a defined way. Furthermore, intentions are dependent on attitudes that are affected by past life experiences, personal features and perceptions drawn from those experiences. The theory of planned behaviour is made up of three attitudinal antecedents of intentions: Disposition toward behaviour is proportionate to the state of mind idea in the TRA and alludes to the extent to which a man considers performing certain conduct. It speaks to the level of attractive quality and incorporates desire of results coming about because of this behaviour. Subjective standards refer to the social and social weight to perform a particular conduct. Critical in this appreciation are friends', the family's associates', systems' or mentors' assumptions about the attractive quality of, for instance, becoming an entrepreneur. Seen

behavioural control covers with Bandura's idea of self-adequacy and is a measure of the individual's apparent capacity to perform a predefined conduct.

The implication of this theory to the current study is that most SMEs or entrepreneur gets entrepreneurial knowledge which can enhance their intention, in settings up new investment and pursuing their entrepreneurial dreams because of the lack of solid entrepreneurial intentions, that where the theory of planned behaviour comes into play, that what Ajzen, was trying to pass across in his theory; where he says intentions are dependent on attitudes that are affected by previous life experiences, personal features and perceptions drawn from those experiences. SMEs with such knowledge could bring about success and sustainability in business.

Statement of the Problem

The importance of SMEs in an economy cannot be overemphasize. SMEs (small and medium-sized enterprises) are crucial for economic growth, job creation, and innovation, acting as the backbone of many economies, especially in developing countries. They drive local economic development and offer opportunities for entrepreneurship and employment. Recently, in Nigerian, the managers or operators of Small and Medium Enterprises (SMEs) have expressed fear over the continued collapsed of SMEs on account of harsh operating environment. The situation is worrisome, to the extent that if nothing is not done soon to ameliorate the situation, the sector will finally collapse. The current tough times can be blamed on major problems facing SMEs in Nigeria include: limited access to

finance, poor infrastructure, lack of skilled workforce, bureaucratic hurdles, stiff competition from larger companies, inadequate management skills, difficulty sourcing raw materials, high cost of doing business, inconsistent government policies, and corruption; all of which significantly hinder their sustainability. However, government and its agencies have made attempt to solve the issue of SMEs collapsed in Nigeria through the establishment of Bank of Industry, despite that, the issue still persisted. This paper examined how to achieved SMEs sustainability through the application of entrepreneurial knowledge.

Objectives of the Study

The main objective of the study was to examine entrepreneurial knowledge as factor fostering small and medium scale (SMEs) sustainability in Nigeria. Specifically, the study sought to:

1. identify the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability;
2. find out the relationship between entrepreneurial knowledge and small and medium scale (SMEs) sustainability.
3. examine whether entrepreneurial knowledge predicts small and medium scale (SMEs) sustainability.

Research Questions

The following research questions guided this study:

1. What are the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability?
2. Is there any relationship between entrepreneurial knowledge and small and medium scale (SMEs) sustainability?

Hypothesis

H0₁: Entrepreneurial knowledge do not significantly predict small and medium scale (SMEs) sustainability.

Methodology

A descriptive research design of correlational typed was used in this study. The population of the study comprised SMEs in Lagos and Ogun states respectively. Using stratified sampling technique, a total of 475 SMEs in Lagos and Ogun states were selected as sample size. 310 (65.3%) SMEs were selected from Lagos while 165 (34.7%) SMEs from Ogun state. Researchers developed questionnaire titled 'Entrepreneurial Knowledge and (SMEs) Sustainability Questionnaire (ENKSMESS) was used for data collection. The questionnaire was divided into two sections A and B. Section A focused on demographic characteristics of the respondents while section B features the items regarding benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability, entrepreneurial knowledge and small and medium scale (SMEs) sustainability. The validation of the instrument was attained

by given the instrument to three experts in Departments of Entrepreneurship Education and Test and Measurement in Tai Solarin University of Education, Ijagun, Ogun state. However, all the corrections made were amended on the instrument. The reliability of the instrument was conducted in Oyo state with 20 SMEs. The data collected were subjected to Cronbach Alpha which yielded 0.89 as reliability coefficient. The researchers with 3 researcher assistants participated in the study. After administering the questionnaires, a total of 456 copies were retrieved representing 96% retrieval rate and used for analyses. Research question 1 was answered and presented using descriptive statistics and bar-chart. Research question 2 was attended to using inferential statistics of Pearson Product Moment Correlation (PPMC). Hypothesis was tested using regression analysis. Decisions were taken at 0.05 level of significance.

Results

Research Question 1: What are the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability?

Table 1: Descriptive statistics on the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability

Items	Mean	SD
Entrepreneurial knowledge equips SMEs with valuable skills.	3.10	.784
Fostering innovation.	3.02	.793
Developed problem-solving.	2.78	.899
Develop leadership skills.	3.05	.705
Enhance entrepreneur career advancement.	3.18	.733
Fostered management and networking skills	2.89	.991
Enhance financial skill and resource management.	2.90	.947
Enhance effective decision-making.	2.77	.968
Foster risk taking ability	3.14	.699
Cluster Mean	2.98	

Source: Field Survey, 2025

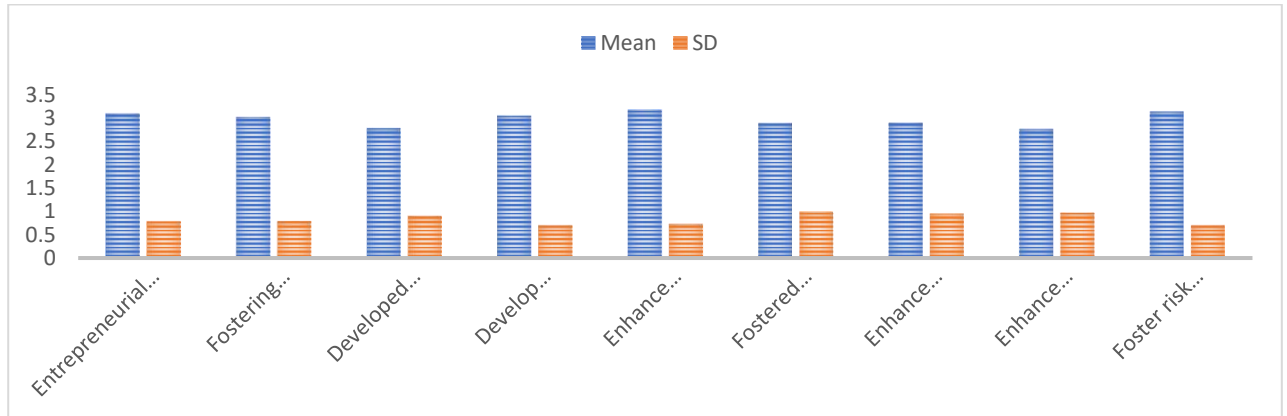


Figure 1: Bar-chart showing the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability

Table 1 indicated that cluster mean was 2.98 and the bench mark mean value was 2.50. Since, $2.98 > 2.50$, this implied that entrepreneurial knowledge equips SMEs with valuable skills, foster innovation, develop problem-solving, leadership skills, career advancement, management and networking skills, financial skill and resource management,

effective decision-making and risk-taking ability were among the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability.

Research Question 2: Is there any relationship between entrepreneurial knowledge and small and medium scale (SMEs) sustainability?

Table 2: Relationship between entrepreneurial knowledge and small and medium scale (SMEs) sustainability

Variables	N	Mean	Std. Dev	df	r value	p value
Entrepreneurial knowledge	456	21.2889	3.1042	454	.338	.001
SMEs sustainability		16.5043	3.0681			

Source: Field Survey, 2025

From Table 2, it was observed that there was significant relationship between the independent variable and the dependent variable in the order of ($r = 0.338, p < .05$). On this premise, the researcher concluded that there was positive relationship between

entrepreneurial knowledge and small and medium scale (SMEs) sustainability.

H0₁: Entrepreneurial knowledge do not significantly predict small and medium scale (SMEs) sustainability.

Table 3: Entrepreneurial knowledge predict small and medium scale (SMEs) sustainability

Model		Unstandardized		Standardized	t	Sig.
		Coefficients				
		B	Std. Error	Beta		
1	(Constant)	6.552	.589		11.129	.000
	Entrepre knowledge	1.334	.059	.945	22.472	.000

a. Dependent Variable: SMEs sustainability.

Table 3 showed that the sign of the coefficient of entrepreneurial knowledge was positive which implied that entrepreneurial knowledge predicting small and medium scale (SMEs) sustainability. The independent variable (entrepreneurial knowledge) was found to be significant and strongly predict small and medium scale (SMEs) sustainability with the p-value less than 0.05 and magnitude of SMEs sustainability ($\beta = .945$, $t = 22.472$, $p < .05$). Thus, null hypothesis was rejected and the researcher concluded that entrepreneurial knowledge significantly predicts small and medium scale (SMEs) sustainability.

Discussion of Findings

The findings of the study indicated that entrepreneurial knowledge equips SMEs with valuable skills, foster innovation, develop problem-solving, leadership skills, career advancement, management and networking skills, financial skill and resource management, effective decision-making and risk-taking ability were among the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability. These findings correlate with Kassim, et al. (2024) who found that many SMEs who have achieved sustainability today could be attributed towards entrepreneurial knowledge that enhance their business innovation and financial skills. Also, the findings corroborate with Wale-Oshinowo and Kuye (2019) whose findings revealed that entrepreneurial knowledge promoted SMEs sustainability through development of problem solving-skills as well as effective decision-making.

Furthermore, the findings revealed that there was positive relationship between entrepreneurial

knowledge and small and medium scale (SMEs) sustainability and that entrepreneurial knowledge predicting small and medium scale (SMEs) sustainability. The implications of this result showed that increases in entrepreneurial knowledge could bring about increases in small and medium scale (SMEs) sustainability. This finding corresponded with Wales (2023) findings that entrepreneurial knowledge is among the factors promoting success of SMEs as well as Udemadu et al. (2022) and Agwu et al. (2017) jointly found that there was direct relationship between entrepreneurial knowledge and sustainability of SMEs. Oyebanjo et al. (2024) findings showed that the higher the entrepreneurial knowledge the more the success of SMEs is guarantee.

Conclusions

The study has successfully examined entrepreneurial knowledge as factor fostering small and medium scale (SMEs) sustainability in Nigeria, and the following conclusions were drawn based on the findings that entrepreneurial knowledge equips SMEs with valuable skills, foster innovation, develop problem-solving, leadership skills, career advancement, management and networking skills, financial skill and resource management, effective decision-making and risk-taking ability were among the benefits SMEs can acquire from entrepreneurial knowledge to foster sustainability. There was positive relationship between entrepreneurial knowledge and small and medium scale (SMEs) sustainability as well entrepreneurial knowledge significantly predicts small and medium scale (SMEs) sustainability.

Recommendations

In line with the findings of the study, the following recommendations were raised:

1. SMEDAN should annually organized training on entrepreneurial knowledge for SMEs operators in Nigeria, most especially in Lagos and Ogun states.
2. Government through collaboration with SMEDAN should find a way to ensure SMEs sustainability either through the provision of tax incentives and provision of infrastructure that can aid SMEs sustainability.

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