BUSINESS RISK CONTROL STRATEGIES AND ORGANISATIONAL SURVIVAL OF SELECTED SMALL AND MEDIUM SIZED ENTERPRISES (SMEs) IN LAGOS STATE, NIGERIA

Abayomi Olarewaju ADEOYE
Department of Business Administration, Faculty of Management Sciences, Lagos State University, Lagos, Nigeria
abayomi.adeoye@lasu.edu.ng
Sunday Stephen AJEMUNIGBOHUN
Department of Insurance, Faculty of Management Sciences, Lagos State University, Lagos, Nigeria
sunday.ajemunigbohun@lasu.edu.ng
Oloyede Raheem LAWAL
Department of Business Administration, Faculty of Management Sciences, Lagos State University, Lagos, Nigeria
oloyede.lawal@lasu.edu.ng

Abstract

The survival of every organizational setting is in its ability to handling potential risks that are capable of crumbling the organization objectives and focus. This study investigated the nexus between business risk control strategies and organizational survival among small and medium-sized enterprises (SMEs) in Lagos State, Nigeria. Using the survey approach cum the multiphase sampling techniques which comprised of purposive and convenience sampling technics, data were gathered through a structured questionnaire from the selected registered SMEs. The sample size of two hundred and eighty-three (283) was estimated. The data analytical techniques employed were descriptive and inferential statistics. The findings revealed a ranked order analysis for business risks control strategies and organizational survival. Further findings showcased the positive relationship between business risks control strategies and organizational survival among SMEs in Lagos State; with a R^2 of 44.6 percent. The study recommended that SMEs should frequently conduct comprehensive risk evaluations to identify potential internal and external risks. SMEs should thus develop a risk management framework that include regular monitoring, and adopt instrument like SWOT analysis. As a matter of fact, SMEs should embrace digital transformation to improve efficiency, curtail operational risks, and stay competitive in their market environments.

Keywords: *Business risk, risk control strategies, organizational survival, SMEs*

1.0 **Introduction**

Small and Medium Sized Enterprises (SMEs) significantly contributed to the growth and development of every economy. The positive effect of SMEs in the developing countries is reflected in improving the gross domestic products (GDP), enhancing innovation and creativity, developing entrepreneurial skills and improving employee standard of living (Othman & Ali, 2014). In Nigeria, the enormous roles made by SMEs in the economy and their perceived huge potentials, the contribution made towards sustainable economic development appears to be relatively low (15% and 30% respectively), as evidenced on industrial output and capacity utilization (Eniola, Entenbang & Sakariyau, 2015). The reason for this low performance could be traced to low survival rate of SMEs common to lowest income countries. The factors militating against this survival of SMEs in Nigeria seem to be embedded in the various risks hindering their operations from growing and performing their various economic functions. These challenges are further aggravated by the poor management approach of SMEs owners to the practice of business risk control strategies (Eniola & Entebang, 2015). Razali and Tahir (2011) opined that risk control strategies is a systematic discipline and integrated method directed at controlling business risks in order to create and maximize value for stakeholders. The principle of this approach supports a holistic system where strategic, financial, hazard, operational and other organisational risks are combined and addressed simultaneously.

Professionally controlling business risk of SMEs is critical for the survival and development in the economic globalization period. Many businesses in the world today that filed for bankruptcy protection were involuntarily liquidated or ceased operations mainly due to poor risk control strategies. Risk control management is aimed to provide an efficient system for improving organisational survival of SMEs, meeting different market challenges and government guidelines. It is critical to affect risk control and provide a way for execution and promoting a wide range of value-added risk control when maintaining a record in the organizations. It is mentioned that internal control has been integrated with risk management and as a part of contemporary management strategies. Without effective financial risk control strategies, such as proper budgeting, financial planning, and the use of financial instruments like hedging, SMEs are vulnerable to bankruptcy and closure, especially during economic downturns (Adeyeye, 2020). The lack of financial literacy and inadequate access to finance further exacerbates these risks, making it difficult for SMEs to sustain their operations. The problem is compounded by inadequate investment in technology and infrastructure, as well as the lack of contingency planning, which leaves many SMEs unprepared to deal with operational challenges when they arise (Aven, 2015).

SMEs are the engine of every economy in the developing economies (Agwu, 2014). In Nigeria, most SMEs are the backbone of the economy and a key source of economic and dynamic growth and flexibility (Eniola & Entebang, 2015). More than 90% of all businesses in Nigeria employ fewer than 100 employees, which indicates that the majority of businesses in Nigeria qualify as small businesses (Agwu, 2014). Some SMEs failed during the financial crisis of 2007 to 2008 because of a lack of effective risks control strategies (Soininen, Puumalainen, Sjögrén, & Syrjä, 2012). The failure of SMEs in Nigeria was related to some managers who beliefs that establishing risk control strategies will increase costs without tangible results (Soininen et al., 2012). A significant number of SME owners are unwilling to establish risks control strategies because of shortage of financial and human resources (Luyolo, Yolande, Juan-Pierré, & Wilfred, 2014). The business risk control strategies failure among SMEs might lead to loss of assets, mismanagement, inefficiency, waste of resources, loss of client assurance, and failure to achieve business objectives (Stone, 2016). Moreso, it appears that most SMEs, do not put in place the risk control strategy required for business operations on both the physical and financial risks they face, which could be one of the major reasons for collapse of SMEs in Lagos State, Nigeria. It is for this reason that this study sought to investigate the effect of business risk control strategies on organisational survival of selected small and medium sized enterprise in Lagos State, Nigeria

The main objective of the research is to investigate the effect of business risk control strategies on organisational survival of selected small and medium sized enterprise in Lagos State, Nigeria. Specific objectives are to examine the effect of rank order analysis on risk identification techniques among small and medium enterprises in Lagos State; investigate the rank order analysis on organizational survival among small and medium enterprises in Lagos State; and determine the influence of risk control techniques on organisational survival among small and medium enterprises in Lagos State.

1.0 LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Risk and Risk Control Strategies

Risk can be described as the probable existence of exposure to consequence of uncertainties. According to Chapman and Cooper (2016), risk represent the possibility of economic or financial losses or gains which may arise from the uncertainty associated with s specified event or action. In the same vein, Cretu and Steward (2012) addressed risk any uncertainty which by its occurrence can have undesirable effect on the expected outcome of business activity or projects in an organization. Business risk control strategies are essential for organizations to navigate the complexities and uncertainties of the modern business environment. These strategies encompass a range of practices aimed at identifying, assessing, and mitigating risks that could potentially disrupt business operations or threaten organizational survival. The literature on business risk control strategies highlights the importance of these practices in ensuring organizational resilience, particularly in volatile and unpredictable markets.

Risk control strategy is the set of approaches by which organisations evaluate risk, in order to take appropriate actions which could be to reduce or eliminate or transfer or diversify such risk (Jinadu, 2022). Risk control is also regarded as the aspect of risk management which utilizes information attainable from risk assessment. Risk control strategies involve proactively designed methods needed to address the risk after identification of factors of potential risks in the business, in both the technical and nontechnical dimension of its operations. The risk control strategies include risk transfer, risk diversification, risk avoidance, risk retention and risk reduction (Jinadu, 2022; Aduloju & Akindipe, 2022). Risk avoidance involves eliminating risk, withdrawing from activities associable to risk, or non-participation in activities related to the risk identified. Risk transfer involves sharing of risk between the enterprise and other stakeholders or complete shifting of risk to the stakeholders. Risk diversification involves the process in which enterprise can combine different investment in a portfolio to help reduce the level of exposure to the adverse effect of risk.

2.1.2 Business Risk Control Strategies

According to Hopkin (2018), risks can be broadly categorized into financial, operational, strategic, regulatory, and reputational risks. Each category presents unique challenges and requires specific strategies for effective management. For instance, financial risks, such as currency fluctuations and credit risks, necessitate rigorous financial planning and the use of financial instruments like hedging to mitigate potential losses. Similarly, operational risks, including supply chain disruptions and equipment failures, require robust contingency planning and the diversification of operational resources. Adeyeye (2020) emphasizes that financial risk management is critical for business survival, particularly for small and medium-sized enterprises (SMEs) that often operate with limited financial margins. Effective financial risk management involves practices such as cash flow management, credit risk assessment, and the use of financial derivatives to hedge against market volatility. These practices help businesses maintain financial stability, even in the face of economic downturns or unexpected financial shocks.

Aven (2015) highlights the importance of operational risk management in ensuring the continuity of business operations. This involves identifying potential disruptions to operations, such as supply chain issues, equipment failures, and workforce challenges, and developing strategies to mitigate these risks.

Olannye (2014) discusses the challenges businesses face in navigating complex regulatory environments. Compliance with regulations, such as tax laws, labor laws, and environmental standards, is essential for avoiding legal penalties and maintaining a positive business reputation. The literature recommends that businesses adopt proactive regulatory risk management strategies, including staying informed about regulatory changes, implementing compliance programs, and engaging with legal and regulatory experts to ensure adherence to relevant laws and regulations.

Strategic risk management is another critical aspect of business risk control strategies. Barney (2014) argues that strategic risk management involves anticipating and mitigating risks associated with long-term business decisions, such as market entry, mergers and acquisitions, and product development. The literature suggests that businesses can manage strategic risks by conducting thorough market research, scenario planning, and competitive analysis. These practices enable businesses to make informed strategic decisions that minimize the potential for adverse outcomes

The role of organizational culture in risk management is also widely discussed in the literature. Power (2016) highlights the importance of fostering a risk-aware culture within organizations, where employees at all levels are encouraged to identify and report risks. A risk-aware culture supports the effective implementation of risk control strategies by ensuring that risk management is integrated into the daily operations and decision-making processes of the organization. The literature suggests that leadership plays a crucial role in cultivating a risk-aware culture and that organizations with strong risk cultures are more resilient in the face of challenges.

Reputation management is another important component of business risk control strategies. Fombrun and Van Riel (2004) emphasize that reputational risks can have severe consequences for businesses, particularly in the digital age, where information spreads rapidly. The literature recommends that businesses adopt proactive reputation management strategies, such as maintaining high ethical standards, engaging with stakeholders, and responding swiftly to crises. By protecting their reputation, businesses can enhance customer loyalty, attract new customers, and mitigate the impact of reputational damage on their long-term success.

2.1.4 Organisational Survival

Ntare, Shau & Ojwang (2022) refers to organisational survival as the measurement of the outcome embedded in the ability of small and medium size enterprises to generate returns on factors or inputs utilized in the business, such as materials, money and labour. A key element of organizational survival is strategic adaptability, which refers to an organization's ability to respond effectively to changes in its external environment. According to Teece (2018), dynamic capabilities are crucial for organizations to survive in volatile and competitive markets. Dynamic capabilities involve the ability to sense and seize opportunities, as well as reconfigure assets and capabilities to adapt to changing conditions. This adaptability enables organizations to remain relevant, innovate, and respond to threats, thereby enhancing their chances of survival. The ability to pivot and adjust strategies in real-time is increasingly seen as a vital characteristic of resilient organizations.

Risk management is another critical component of organizational survival, as it involves identifying, assessing, and mitigating risks that could threaten the organization's existence. The literature emphasizes that organizations with robust risk management practices are better prepared to handle unexpected events and disruptions (Hopkin, 2018). Effective risk management encompasses financial, operational, strategic,

and reputational risks, and it requires organizations to develop comprehensive frameworks that integrate risk considerations into decision-making processes. By proactively managing risks, organizations can reduce their vulnerability to external shocks and enhance their long-term viability.

2.2 Theoretical Review

2.2.1 The Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory is a strategic management theory that emphasizes the role of internal resources in achieving a sustainable competitive advantage and, consequently, organizational survival. This theory posits that an organization's unique resources and capabilities are key determinants of its ability to create value and sustain itself in a competitive environment. In the context of Small and Medium-Sized Enterprises (SMEs) in Lagos State, RBV provides a robust framework for understanding how effective business risk control strategies can be developed and leveraged to enhance survival. RBV suggests that resources must be valuable, rare, inimitable, and non-substitutable (VRIN) to provide a competitive edge that leads to long-term success (Barney, 1991). For SMEs, these resources can include tangible assets such as technology and financial capital, as well as intangible assets such as brand reputation, organizational culture, and managerial expertise. Effective risk control strategies are essential in safeguarding these resources from external threats, such as market volatility, regulatory changes, and economic downturns. By managing risks effectively, SMEs can protect their core assets and capabilities, ensuring they remain competitive and resilient in challenging environments.

Moreover, the RBV theory underscores the importance of resource heterogeneity among firms, meaning that no two firms have identical resources and capabilities. This heterogeneity is particularly relevant for SMEs, which often face resource constraints compared to larger enterprises. By focusing on their unique strengths and implementing tailored risk control strategies, SMEs can exploit their distinctive resources to maintain operational stability and achieve sustained survival. The ability to identify, protect, and leverage key resources effectively can help SMEs navigate risks and capitalize on opportunities in the dynamic Lagos State market.

2.2.2. The Dynamic Capabilities Theory

The Dynamic Capabilities Theory, introduced by Teece et al. (1997), builds on the RBV framework by emphasizing an organization's ability to adapt, integrate, and reconfigure internal and external resources in response to changing environments. This theory is particularly relevant for SMEs in Lagos State, where business environments are often characterized by volatility, uncertainty, and rapid change. Dynamic capabilities enable firms to modify their resource base and realign their strategies to meet new challenges and opportunities, which is critical for organizational survival. Dynamic capabilities include the ability to sense opportunities and threats, seize new opportunities, and transform or reconfigure resources to maintain competitiveness (Teece, 2018). For SMEs, the development of dynamic capabilities is essential in managing risks and ensuring survival. For instance, SMEs that can quickly adapt to changes in customer preferences, technological advancements, or regulatory shifts are more likely to survive and thrive. By continuously refining their risk management strategies and adapting their operations, SMEs can remain agile and responsive in a fast-changing business landscape.

The Dynamic Capabilities Theory also highlights the importance of learning and innovation as key components of organizational resilience. SMEs that foster a culture of continuous learning and innovation are better equipped to develop new products, processes, and business models that can mitigate risks and drive growth. In Lagos State, where competition is intense, and market conditions are fluid, dynamic capabilities can provide SMEs with the flexibility needed to pivot and adjust their strategies in response to emerging threats and opportunities. This adaptability is crucial for ensuring long-term survival in a competitive market**.**

2.3 Empirical Review

In a Nigeria study, Egele, Kibuka and Mutenyo (2018) assessed the effect of entrepreneurial risk taking on performance of small and medium size enterprises, specifically in Kano state. The study engaged data collected from three hundred and ninety-three owners, managers and employees of small and medium size enterprises and data were analyzed with descriptive statistics and regression estimation technique. Result indicated that entrepreneurial risk taking significantly influence performance. Hence, the study recommended among others that properly consider the opportunities associated with risk before taking it. With focus on Osun state of Nigeria,

Ojubanire and Dawodu (2021) studied association between risk management and financial performance of MSMEs. The study utilized data collected from two hundred and seventy-three respondents and analyzed the data with descriptive statistics and regression analysis. Result then indicated that risk management had significant effect on performance in Osun state and then recommended the need for managers and owners to intensify risk management practices in order to enhance their performance. In the same vein, Afolabi and James (2018) also assessed the effect of risk management on performance of small and medium size enterprises in Osun state of Nigeria. The study employed data of three hundred and forty respondents and data were analyzed with ordinary least square regression estimation technique which revealed significant influence risk management had on performance of small and medium size enterprise in Osun state. Therefore, recommended that there is need for SME owners and managers to design cost-effective measures that would facilitate effectiveness of risk management in enhancing performance

Hopkin (2018) examined the impact of resource constraints on the ability of SMEs in Lagos to implement effective risk control strategies. The study found that SMEs with limited financial and human resources struggled to develop and maintain comprehensive risk management frameworks. However, the research also highlighted the potential for SMEs to leverage external resources, such as consulting services and industry networks, to enhance their risk management capabilities. The findings suggest that collaboration and resource sharing can be effective strategies for overcoming resource constraints. Poon, Roslan, Othman, Anuar and Nejad (2022) investigated the influence of enterprise risk management implementation on SMEs performance in Malaysia. The study identified eight dimensions of enterprise risk management which are objective setting, event identification, control environment, risk assessment, risk response, control activities, information and communication, monitoring and SME performance. The study utilized data collected from three hundred and twelve respondents and data were analyzed with descriptive statistics and ANOVA which showed that enterprise risk management had positive significant effect on performance. Therefore, the study suggested that adequate and appropriate risk management practices would improve performance of small and medium size enterprises in Malaysia. Kafigi (2020) evaluated the effect of risk taking on performance of small and medium enterprises in Tanzanian bakeries by considering risk planning, risk controlling and strategic risk initiative as proxies for risk taking, then engaged data collected from one hundred and sixty-one respondents and data were analyzed with regression estimation technique. Result revealed that risk planning; risk controlling and strategic risk initiative had significant effect on performance of small and medium size bakeries. Therefore, the study suggested that these bakeries need to put in more effort to enhance risk management initiatives in their operations.

Adeyeye (2020) found that SMEs in Lagos that adopted sound financial risk management practices, such as budgeting, financial forecasting, and the use of financial instruments, were better equipped to handle economic downturns and maintain operational stability. This study highlighted the importance of financial literacy and access to financial resources in enabling SMEs to implement effective risk control strategies. Similarly, Akinbola, Ogunnaike, and Ojo (2018) emphasized that SMEs with strong financial management frameworks were more likely to survive financial shocks, such as fluctuations in currency exchange rates and changes in interest rates.

3. Research Methods

In attainment of the objectives of this study, a cross-sectional survey design was employed. The purpose of its adoption was because it provided for the gathering of data from a number of subjects or events from identical timespan, and at a single point in time. This design came into force because it helps free the study from biases in a bid to produce the least margin of error with increased reliability in the accuracy of data gathered. The population of the study are total number of selected Small and Medium Enterprises (SMEs) in Lagos state.

The study employed a double sampling technique comprised of purposive and convenience. For the purposive sampling technique, the respondents were selected on the basis of their expertise and judgments in the research instrument. For convenience sampling, selected SMEs were engaged in their readiness and availability. Three hundred and ninety-nine (399) copies of the questionnaire were distributed among the registered SMEs, specifically, the four divisional areas in Lagos such Badagry, Lagos Island, Ikeja, and Ikorodu. The choice of these areas was because of their nearness to data collection. Out of the total copies of the questionnaire distributed, two hundred and eighty-nine copies were used for the data analysis after critical scrutiny representing a response rate of seventy-two percent (72%). The questionnaire was structured such that the answer obtained from the respondents provided solutions to the studied problems. The questionnaire was self-developed with respect to the notable concepts and variables studied. The choice of the survey technique was due to fitness to the adopted research design, its economic nature, and simplicity in distribution (Sallies et al., 2021).

The validity and reliability were ensured by ascertaining that face, construct and content validities were examined and certified appropriate for the study. For enterprise risk management and business performance, content, construct, and criterion-related validity were observed. Content validity of the questionnaire was also observed from my supervisor and experts in risk management and business management. For construct validity, specific form of knowledge, skills and ability was derived as supported by literature review. For criterion-related validity, some members of pharmaceutical firms outside the selected participants were consulted for the exactness and confirmation of the research's instrument and outcome. The reliability of the research instrument was above the 0.70 Cronbach alpha results. The descriptive and inferential statistics were adopted for data analysis. For the descriptive analysis, simple frequency percentage supported with tabular representation was adopted, while the inferential statistic employed were Friedman's rank test and simple regression technique.

4. Results and Discussion of Findings

4.1. Descriptive Analysis of Research Variables

Table 2: Risk Control Techniques

Variables	Scale Level					Mean	Std Dev.
	SD	D	U	A	SA		
	1	2	3	4	5		
My organisation makes provision for physical avoidance of risk occurrence in the line of operations such as identifying danger zone, risk communication in the workplace, etc	0.0	0.0	11.8	55.9	32.3	4.21	.635
My organisation often strives to reduce or minimise possible risk elements for organisation best interest	0.0	2.0	3.9	46.1	48.0	4.40	.664

such as provisions of fire extinguisher, fire alarm, danger exit way, etc...							
Certain risk elements not beyond the control of my organisation are usually retained for possible solutions such as set aside funds, hedging, treasury bills, etc.	0.0	3.9	19.6	56.9	19.6	3.92	.740
Certain risk elements beyond the control of my organisation are usually transferred to insurance companies for possible solutions such as buying insurance policies for business interruption purpose, fire incidences, goods transportation safety, staff safety etc….	1.0	4.9	23.5	37.3	33.3	3.97	.928

Source: *Researchers' field survey, 2024*

In Table 2 (Fig. 1), the risk control techniques survey items for which data were gathered from the entire participants were *risk avoidance, risk minimisation, risk retention, and risk transfer.* The participants reacted to the numerous items, wherein 0.0 percent expressed their disagreement in terms of *risk avoidance*, 11.8 percent indifferent, and 88.2 percent indicated their agreement. For *risk minimisation*, while participants expressed 2.0 percent in not supporting this item, 3.9 percent were undecided with it. Then, 94.1 percent supported. As for *risk retention*, 3.9 percent of the entire participants exhibited their disagreement, 19.6 percent were indecisive, and 76.5 percent agreed. For *risk transfer,* 5.9 percent disagreed, 23.5 percent undecided, and 70.6 percent expressed their agreement. The mean and standard deviation scores supported the outcomes for all the items surveyed. This implies that SMEs' judgments towards the survey items were normally distributed and centered around the mean. The result of the descriptive statistics on risk control techniques plainly indicate that all the measures have identical decisions about all the subject matter in the distribution of the participants' opinions.

Figure 1: The Graphical Model explains the Risk Control Techniques among Selected SMEs in Lagos State

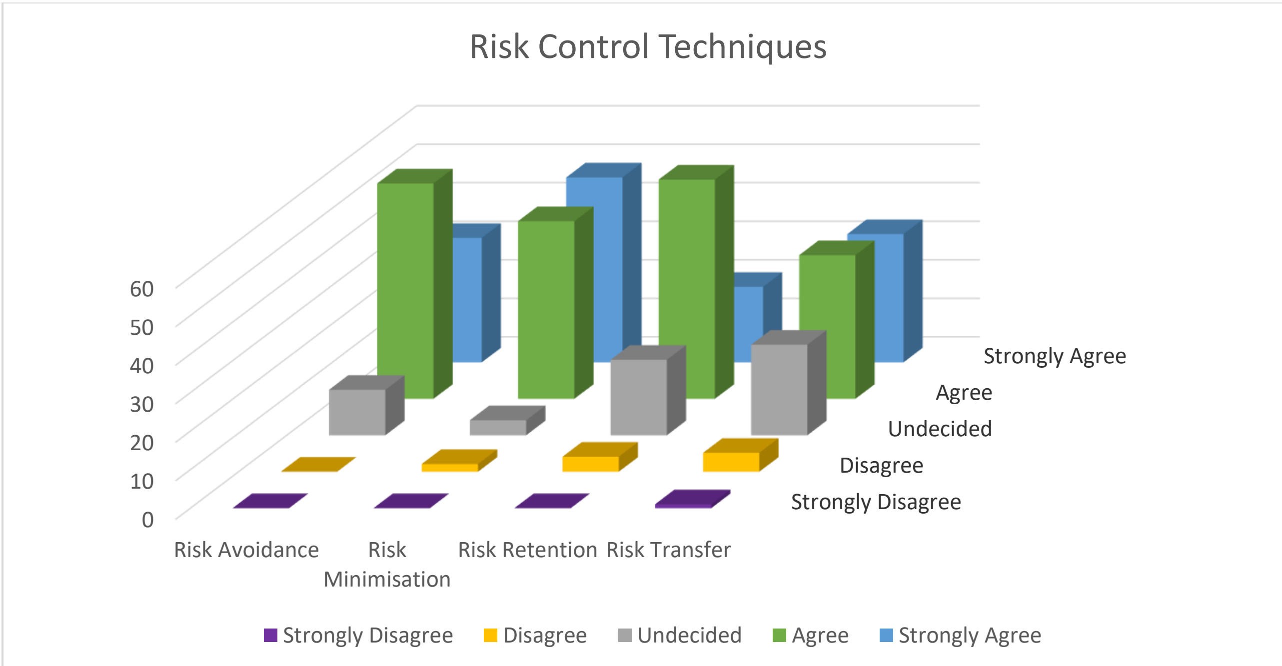


Table 3: Organizational Survival

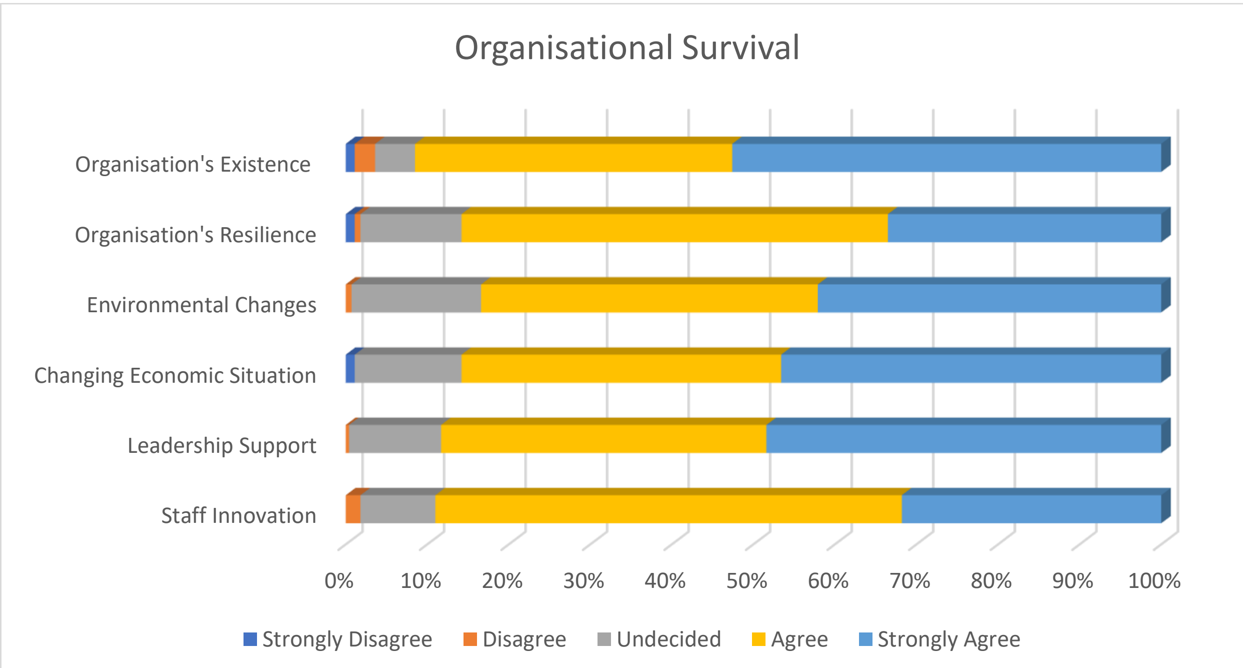
Variables	Scale Level SD 1	D 2	U 3	A 4	SA 5	Mean	Std Dev.
Staff innovativeness at work has helped sustaining my organisational existence (staff innovativeness)	0.0	1.8	9.2	57.2	31.8	4.19	.668
Leadership support from managerial cadres has helped the survival of my organisation (leadership support)	0.0	0.4	11.3	39.9	48.4	4.36	.693
My organisational survival is based on her ability to adapt to changing economic situations (changing adaptability)	1.1	0.0	13.1	39.2	46.6	4.30	.776
My organisational survival is based on her ability to monitor environmental changes and understanding value addition (environmental changes)	0.0	0.7	15.9	41.3	42.0	4.25	.741
My organisation's resilience at turbulent times, over the years, has kept her existing	1.1	0.7	12.4	52.3	33.6	4.17	.747
My organisation's existence has been positively affected by her dedication to service quality improvement	1.1	2.5	4.9	38.9	52.7	4.40	.785

Source: *Researchers' field survey, 2024*

In Table 3 (Fig. 2), the organisational survival survey items for which data were gathered from the entire participants were *staff innovativeness, leadership support, changing economic situation, environmental changes, organisation's resilience, and organisation existence.* The participants reacted to the several items, wherein 1.8 percent expressed their disagreement in terms of *staff innovativeness*, 9.2 percent indifferent, and 89.0 percent indicated their agreement. For *leadership support*, while participants expressed 0.4 percent in not supporting this item, 11.3 percent were unresolved with it. Then, 88.3 percent supported. As for *changing economic situation*, 1.1 percent of the whole participants unveiled their divergence, 13.1 percent were irresolute, and 85.8 percent approved. For *environmental changes,* 0.7 percent disagreed, 15.9 percent unsure, and 83.4 percent expressed their agreement. As for *organisation's resilience*, 1.8 percent of the full participants divulged their deviation, 12.4 percent were indecisive, and 85.8 percent accepted.

For *organisation's existence,* 3.6 percent disenchanted, 4.9 percent uncertain, and 91.5 percent articulated their support. The mean and standard deviation scores supported the outcomes for all the items surveyed. This implies that SMEs' judgments towards the survey items were normally distributed and centered around the mean. The result of the descriptive statistics on organizational survival plainly indicate that all the measures have identical decisions about all the subject matter in the distribution of the participants' opinions.

Figure 1: The Graphical Model explains the organisational survival among Selected SMEs in Lagos State



4.3 Test of Hypotheses

4.3.1 Friedman's Rank Test

This symbiotic analysis test, expressed by K, evaluates a universe that is regularly sampled and has the identical median. It presumes, in a hypothetical state where there is no impact, that the response variable follows a persistent distribution, necessitating at least ranked measurement (Eisinga et al., 2017). Data under this test is coordinated in a tabular representation with 'n' rows and 'k' columns. This test dictates if the combined rank consequences for each condition notably differ from the forecasted approximations (St. Laurent & Turk, 2013).

Ho_1: There is no rank order analysis for risk control strategies among selected SMEs in Lagos State

Table 4: Results of Friedman's Rank Test on risk control strategies among selected SMEs in Lagos State

S/N	Survey Items	Mean Rank	Rank

1.	Risk avoidance	2.56	2
2.	Risk minimization	2.99	1
3.	Risk retention	2.00	4
4.	Risk transfer	2.45	3

Source: Researchers' Computations, 2024

Table 5 Chi-Square Results from the Friedman's Test

N	283
Chi-Square	141.768
Df	3
Asymp.sig.	.000

a. Friedman Test

The outcome of analysis from the above mark the existence of a statistically significant variance in risk control strategies [risk avoidance, risk minimization, risk retention, and risk transfer; X^2 (3, n=283) = 141.768, $p < 0.05$]. Importantly, careful examination of the mean estimations indicated a slopy layer in risk control strategies adopted among selected SMEs from risk minimisation (2.99) to risk avoidance (2.56), to risk transfer (2.45), to risk retention (2.00). The significance of these criteria making up the risk control strategies among selected SMEs were plainly ranked to give grounds for the above clarifications.

Ho_2: There is no rank order analysis for organisational survival among selected SMEs in Lagos State

Table 6: Results of Friedman's Rank Test on organisational survival among selected SMEs in Lagos State

S/N	**Survey Items**	**Mean Rank**	**Rank**
1.	Staff Innovativeness	3.22	6
2.	Leadership Support	3.69	2
3.	Changing Economic Situation	3.54	3
4.	Environmental Changes	3.39	4
5.	Organisation's Resilience	3.26	5
6.	Organisation's Existence	3.91	1

Source: *Researchers' Computations, 2024*

Table 7 Chi-Square Results from the Friedman's Test

N	283
Chi-Square	57.884
Df	5
Asymp.sig.	.000

a. Friedman Test

The outcome of analysis from the above mark the existence of a statistically significant variance in organisational survival [staff innovativeness, leadership support, changing economic situation, environmental changes, organisation's resilience, organisation's existence; X^2 (5, n=283) = 57.884, $p < 0.05$]. Importantly, careful examination of the mean estimations indicated a slopy layer in risk identification strategies adopted among selected SMEs from organisation's existence (3.91) to leadership support (3.69), to changing economic situation (3.54), to environmental changes

(3.39), to organisation's resilience (3.26), to staff innovativeness (3.22). The significance of these criteria making up the organisational survival among selected SMEs were plainly ranked to give grounds for the above clarifications.

H$_{o3}$: Risk control strategies have no significant effect on organisational survival among SMEs in Lagos State

Table 8: Simple Regression Results for Risk Control Strategies vs Organisational Survival

Table 8. **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.668[a]	.446	.444	2.524	.446	226.031	1	281	.000

a. Predictors: (Constant), Risk Control Strategies
b. Dependent Variable: Organisational Survival

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1440.260	1	1440.260	226.031	.000[b]
	Residual	1790.518	281	6.372		
	Total	3230.778	282			

a. Dependent Variable: Organisational Survival
c. Predictors: (Constant), Risk Control Strategies

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	10.346	1.030		10.043	.000	8.318	12.374
	Risk Control Strategies	.917	.061	.668	15.034	.000	.797	1.037

a. Dependent Variable: Organisational Survival

Source: *Researchers' Computations, 2024*

From the Table 8 results of the regression analysis presented above, it is clear that there is positive relationship between risk control strategies and organisational survival. The model also shows the variations experienced by the dependent variable that could be explained by the independent variable (R square) which shows that risk control strategies are responsible for about 44.6 percent of variance in organisational survival. This means that 55.4 percent of the organisational survival enjoyed among selected SMEs' operators in Lagos State comes from other factors other than the predictor used in this model (*risk control strategies*). The generalisation of the results (Adjusted R square) indicates that true 44.4 percent of the variation in health safety culture is explained by risk control strategies (*risk avoidance, risk minimisation, risk retention, and risk transfer).* This result is almost close to reality as the difference between R Square and Adjusted R Square is not high.

The standard error fit, which is a measure of the precision of the model, shows how wrong the statistical outcomes could be at 3 percent if one uses this model to make real life predictions. The above result is statistically significant as seen in the ANOVA table (*p-value = 0.000*) as it is less than the 0.05 confidence interval used in this study. A value greater than 1 show that F-ratio yield an efficient model but 226.031 F-ratio indicates that this model is not very efficient.

4.4 Discussion of Findings

This study affirmed the nexus established between risk control strategies and organisational survival among selected SMEs in Lagos State.

The results from hypothesis one indicated that 'risk minimisation' was ranked first, followed by 'risk avoidance', 'risk transfer', and 'risk retention'. This result is corroborated with the recent studies (such as Ajayi & Osasona, 2023; Hydari et al, 2021) who noted the risk control techniques as hugely significant in the effectual capacities of SMEs.

The second hypothesis indicated that 'organisation existence' was ranked highest, followed by 'leadership support', 'changing economic situation', 'environmental changes', 'organisation's resilience', and 'staff innovativeness'. This outcome is in alignment with earlier studies (such as Ntare et al., 2022; Teece, 2018) who noted adaptability enables organizations to remain relevant, innovate, and respond to threats, thereby enhancing their chances of survival.

The outcomes from hypothesis three showcased that business risk control strategies have a positive and moderate relationship with organizational survival among SMEs in Lagos; thereby invalidated the null hypothesis. The study's outcomes supported earlier studies (such as Aduloju & Akindipe, 2022; Ibiwoye et al., 2020; Nkiruka & Ogundeinde, 2016) that addressing these risks effectively can enhance operational activities within the business circles.

5. Conclusion and Recommendations

Findings from the study have affirmed the significant influence of business risk control strategies on organizational survival among selected SMEs in Lagos, Nigeria. Further findings revealed the opinions of the selected participants where business risk control strategies and organizational survival were both ranked. Further findings revealed a nexus between the two variables of interest. Conclusively, SMEs' operators are advised to observe these business risk control strategies and organizational survival metrics that possibly influence their existence in Lagos, Nigeria; in order to sustain rightful capacities.

On recommendations, SMEs should frequently conduct comprehensive risk evaluations to identify potential internal and external risks. SMEs should thus develop a risk management framework that include regular monitoring, and adopt instrument like SWOT analysis. As a matter of fact, SMEs should embrace digital transformation to improve efficiency, curtail operational risks, and stay competitive in their market environments. SMEs' owners and operators are encouraged to design model to continuously training their employees in a bid to build a resilient workforce capable of adopting a dynamic business environs.

6. Acknowledgement

The Tertiary Education Trust Fund (TETFund), Nigeria provided the necessary funding used for this study

REFERENCES

Adeyeye, M. (2020). Financial management and survival of small and medium enterprises in Nigeria. *Journal of Management and Business Research, 19*(4), 56-67.

Aduloju, S.A, & Akindipe, E.O (2022). The effect of risk control techniques on organisational performance of selected SMES in Lagos State. *Acta Universitatis Danubius. OEconomica, 2022, issue 18*(1), 224-247.

Afolabi, T. S., & James, J. T. (2018). Risk management and performance of Small and Medium Enterprises in Osun State, Nigeria. *Archives of Business Research, 6*(12), 157-163.

Agwu, M. O. (2014). Organisational culture and employees performance in the National Agency for Food and Drugs Administration and Control (NAFDAC) Nigeria. *Global Journal of Management and Business Research: Administration and Management, 14*(2), 1-10.

Ahmad Rizal Razali & Izah Mohd Tahir. (2011). The determinants of enterprise risk management (ERM) practices in Malaysian Public Listed Companies. *Journal of Social and Development Sciences, 1*(5), 202-207.

Ajayi, I.B., & Osasona, A.V. (2023). Effects of risk control techniques on SMEs' performance in Ekiti State, Nigeria. *Nigerian Journal of Banking and Financial Issues,9*(1), 33-43.

Akinbola, O., Ogunnaike, O., & Ojo, O. (2018). Entrepreneurial orientation and small and medium enterprises' performance: Perspectives from a developing economy. *Management Science Letters,* 8(8), 681-692.

Aven, T. (2015). *Risk Analysis.* Essex: Wiley.

Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management,* 17(1), 99-120.

Barney, J. B. (2014). Firm resources and sustained competitive advantage. *Journal of Management, 40*(1), 99-120.

Brain, D. Ray. (2017). A systematic review of the empirical research on selected aspects of homeschooling as a school choice. *International Research and Reform, 11*(4), 604-621.

Chapman, C. B., & Cooper, D. F. (1983). Risk analysis: Testing some prejudices. *European Journal of Operational Research, 14*, 238-247.

Clinton, H., & Ouma. O. (2017). Influence of project risk management strategies on the performance of organisations in the Motor Industry: A Case of Isuzu East Africa Limited, Kenya. *International Journal of Novel Research in Engineering and Science, 4*(2), 28-41.

COSO. (2004) Enterprise risk management-Integrated Framework. *COSO, American*. Modern Economy Journal, 15(1), 12-21.

Desheng, D., & David, O. (2014). Enterprise risk management: a DEA VaR Approach in Vendor Selection. *International Journal of Production Research, 48*(16), 4919-4932.

Egele, A., Muhammad, K., & Mutenyo, J. (2018). Entrepreneurial risk taking and performance of Small and Medium Scale Enterprises (SMEs) in Kano State, Nigeria. *KIU Journal of Social Sciences, 4*(3), 213-224.

Eniola, A. A., Entenbang, H., & Sakariyau, O. B. (2015). Small and medium scale business performance in Nigeria: Challenges faced from an intellectual capital perspective. *International Journal of Research Studies in Management, 4*(1), 59-71.

Feinman, G. M., and Carballo, D. M. (2018). Collaborative and competitive strategies in the variability and resilience of large-scale societies in Mesoamerica. *Economics. Anthropoloy, 5*, 7–19.

Fombrun, C. J., & Van Riel, C. B. M. (2004). *Fame and fortune: How successful companies build winning reputations.* United Kingdom: Pearson Education.

Hillson, D. (2004). *Earned value management and risk management: a practical synergy. Paper presented at PMI® Global Congress 2004—North America, Anaheim, CA.* Newtown Square, PA: Project Management Institute.

Hopkin, P. (2018). *Fundamentals of risk management: Understanding, evaluating, and implementing effective risk management.* United Kingdom: Kogan Page Publishers.

Hydari, M.A., Ahmed, A., & Salahuddin, T. (2021). Risk management practices in small and medium enterprises: A bibliometric analysis. *International Journal of Innovation, Creativity, and Change,15*(5), 915-926.

Ibiwoye, A., Mojekwu, J.N & Dansu, S.F. (2020). Enterprise risk management practices and survival of small and medium scale enterprises in Nigeria. *Studies in Business and Economics,15*(1), 68-82.

Investopedia. (2013). Assessing the Graham's Formula for stock selection: Too good to be true? *Open Journal of Social Sciences, 2*, 1-5.

Jensen, M.C. and Meckling, W.H. (1976) Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*, 305-360.

Jinadu, M. (2022). Analysing the Impacts of physical risk control technique on corporate risk management. *International Journal of Business and Management Invention,11(3), 56-63.*

Kafigi, J. (2020). Risk-taking and performance of Small and Medium-Sized Enterprises: Lefsons from Tanzanian Bakeries. *Journal of Economics and Behavioral Studies*, *12*(3), 1-22.

Kothari, C.R. & Garg, G. (2016). *Research methodology: Methods and techniques* (3rd ed.).

Lusardi, A. (2019). Financial literacy and the need for **financial education: Evidence and implications. *Swiss Journal of Economics*** *and Statistics, 155*, Article No. 1. https://doi.org/10.1186/s41937-019-0027-5.

Mohammed, H.K. & Knapkora, A. (2016). The impact total risk management on company's performance. *Procedure-Social and Behavioral Sciences, 220*, 271-277.

Moses, J., & Barasa, K. (2018). Organizational strategic diversification with Case Studies of Successful and Unsuccessful Diversification. *International Journal of Scientific and Engineering Research, 9*(9), 871-886.

Nkiruka, I. & Ogundeinde, A. (20216). Survival strategies and sustainability of small and medium enterprises in the Oshodi-Isolo local government area of Lagos State. *Acta Universitatis Sapientiae Economics and Business,4*(1), 15-23.

Ntare, P.C., Shau. I.R., & Ojwang, E. (2022). Effect of enterprise risk management practices on performance of small and medium scale enterprises: A case of Dares Salla City, Tanzania. *African Journal of Applied Research, 8*(1), 182-199.

Ojubanire, A & Dawodu, S. (2021). Risk management practices and financial performance nexus: Evidence from MSMEs in Osun State, Nigeria. *Journal of Management Info, 8*(1), 44-55. DOI:10.31580/jmi.v8i1.1839.

Olannye, A. P. (2014). The impact of regulatory environment on the survival of small businesses in Nigeria. Mediterranean Journal of Social Sciences, 5(26), 66-73.

Poon, A., Roslan, N., Othman, J., Anuar, A., and Nejad (2022). The effect of enterprise risk management (ERM) Implementation on SMEs Performance in Malaysia. *Malaysian Journal of Social Sciences and Humanities (MJSSH), 7*(4).

Power, M. (2016). Risk work: Essays on the organizational life of risk management. Oxford University Press.

Ray, S. (2017). The risk management in project management. *Project Manager*, *1*, accessed from the website on 2021, May.

Sidney, A., & Dzah, B. (2022). The effect of risk management practices on performance of Small and Medium Scale Enterprises. *Vol. 7, No. 1, 2022*. DOI: https://doi.org/10.5296/erm.v7i1.19287.

***Slovic, P. (2000). The perception of risk. *Risk, society, and policy series*. Earthscan Publications, London, xxxvii 473 Pages.

Soininen, K., Puumalainen, K., Sjögrén, K., & Syrjä, M. (2012). Entrepreneurial orientation: growth and profitability of Finnish Small and Medium-Sized Enterprises. *International Journal of Production Economics 140*(2), 614-622.

Stone, D. L., & Rosopa, P. J. (2017). The advantages and limitations of using meta-analysis in human resource management research. *Human Resource Management Review*.

Tamminen, L., Aija, M., & Virpi, F. (2018). A management model for physical risks in the Care Work.

Teece, D. J. (2018). *Dynamic capabilities and strategic management: Organizing for innovation and growth*. United Kingdom: Oxford University Press.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509-533.

Zoghi, F. (2017). Risk management practices and SMEs: An empirical study on Turkish SMEs. *International Journal of Trade, Economics and Finance,8*(2),123-127.