

STRATEGIES FOR GROWING AND SUSTAINING SUCCESSFUL SMALL BUSINESSES

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ABSTRACT

Many small business enterprises do not survive for more than 5 years after formation. The objective of this multiple case study was to explore the strategies used by small business manufacturing leaders in Lagos, Nigeria to sustain their businesses, using general systems theory as the conceptual framework. The sample comprised 3 small business leaders who have sustained their business enterprises for more than 5 years after forming in Lagos, Nigeria. The data were collected through semistructured, in-person interviews and the review of business feasibility and planning documents, handbills, and contract documents. The results from this study suggested preparation including research and strategic plans before the launch of a business idea, minimizing debt and overhead expenses, proper record keeping, skills, and expertise are essential for small business success. Small business leaders should do feasibility studies and business plans before committing resources for business ideas, in addition to keeping a record of activities of the business for strategic and tactical decision-making to sustain a successful small business enterprise. Successful business enterprises provide continued employment for the business leaders and their employees, and enhanced quality of life for the community.

KEYWORDS: Small Business Leaders, Enterprise, Socioeconomic Goals, SMEs

INTRODUCTION

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Small business enterprise leaders in Nigeria are weighed-down by challenging business environment. According to Atawodi and Ojeka (2012), 80% of small- and medium-sized enterprises (SMEs) do not continue beyond the fifth anniversary of their formation. These failures portend financial losses to the small business owners (Adebisi & Gbegi, 2013). Failures of small business enterprises in Nigeria tend to reduce the value added by these enterprises to the nation's economic growth and development (Adebisi & Gbegi, 2013). Small business leaders require support if they are to contribute meaningfully to economic development.

The Nigerian government, in recognition of the importance of the benefit of small business enterprises, established institutions such as specialized banks, agencies, and departments to provide support to small business enterprises (Osotimehin, Jegede, Akinlabi, & Olajide, 2012). Notwithstanding these supportive actions of the government, the majority of small businesses in Nigeria still fail within 5 years of their establishment (Adisa, Abdulraheem, & Mordi, 2014). These failures are probably due to inadequate preparation of small business leaders for the challenges of sustaining small business enterprises in the Nigerian business environment.

The success of small business enterprises may depend on the strategies used by the business leaders to sustain their enterprises. Small business leaders who have sustained their enterprises for more than 5 years have developed strategies for handling the challenges of sustaining their enterprises in Nigeria (Atawodi & Ojeka, 2012). It is, therefore,

imperative to explore the strategies used by successful small business leaders in Nigeria for possible application by other small business leaders for improved business performance and to improve their value added to the nation's economic development. Small business enterprises are units of an intricate system of elements that interact with each other and the business environment (von Bertalanffy, 1968). The success or failure of the small business enterprises may depend on the business leaders' ability to self-correct using feedback from the environment (von Bertalanffy, 1968). The knowledge of strategies used to grow and sustain successful small businesses in Nigeria is critical for small business leaders continued contributions to the economic development of their communities. In this study, I explored strategies used by small business manufacturing leaders to sustain their business enterprises for more than 5 years in Lagos, Nigeria.

RESEARCH DESIGN

Data employed in this qualitative, multiple case study included primary and secondary sources. The secondary sources included a feasibility study report, business plan, handbills, and executed contract documents. Primary data sources for this research included semistructured in-person interviews based on an interview schedule of open-ended questions delivered in the same order to a sample of three business leaders who met the research selection criteria. Probative follow-up questions were introduced during the interview to achieve clarity and precision. The population for this study was three small business manufacturing leaders in Lagos, Nigeria who have sustained their businesses for more than 5 years.

The collection and analysis of interview data and document reviews helped to answer the following overarching research question that guided this study: What strategies do small business manufacturing leaders in Lagos, Nigeria use to sustain their businesses beyond 5 years after formation? I achieved data saturation with the depth and breadth of data from the three business leaders, using methodological triangulation and member checking, as suggested by O'Reilly and Parker (2012). The data were analyzed using the Rowley (2012) four step analyses, which shared some similarities to the five steps noted by Yin (2012). I validated the findings and interpretation by engaging in member checking.

RESULTS AND DISCUSSION

The results from the computer-aided qualitative data analysis and Rowley's 4 step analysis led to the emergence of 10 major themes. The themes were (a) minimizing costs and debts, (b) high-quality product, (c) research, (d) meeting customers' needs, (e) marketing and promotion, (f) continuous education, (g) focus and determination, (h) competent staff, (i) family support, and (j) record keeping of all business activities.

The strategy of monitoring and keeping costs low, particularly costs of finance and overheads in all activities of the business enterprise are a major contributor to business success (Modilim, 2016). This strategy is consistent with the findings in the literature that leaders of successful enterprises continually restructure their operations in response to business challenges (Adeoye & Elegunde, 2012). The environment influences the strategies adopted and performances of the business enterprises (Njanja, Ogutu, & Pellisier, 2012).

The strategy of producing consistent, high-quality products and services is an important contributing factor for sustaining business success (Modilim, 2016). Business success results from teamwork, which is a product of working environment, leadership style, and employee motivation that influences product quality and consistent high-performance standard (Jayaweera, 2015).

The quality and the consistent high-performance standard is a product of interactions between the elements of the business enterprises and the environment (Segatto, de Pádua, & Martinelli 2013; von Bertalanffy, 1968).

Preparation before resources are committed to a business idea is an essential prerequisite for business success (Modilim, 2016). Preparation includes feasibility studies, business plans, and investigation into the economy, environment, resources, and evaluation of opportunities. The strategy of research for planning and preparation involved the study of how the activities of the enterprises will influence and be influenced by the environment in which the enterprise will operate (Segatto et al., 2013; von Bertalanffy, 1968).

Monitoring product performance by researching and listening to the customers and making adjustments in product offering in response to the changing needs of the customers is an important factor in sustaining business success (Modilim, 2016). This strategy aligns with the findings of Beaver (2003) in that for a firm to remain in business, the owners must be able to adapt to changing circumstances of a dynamic business environment. This strategy also confirmed the finding of Philip (2011) that product offerings and environment are significant factors for small business success.

For small business enterprises to survive, the leaders must reach out to the stakeholders in the business environment through promotions and distributors to demonstrate that their product offering is a good alternative. This strategy confirmed the finding by Cronin-Gilmore (2012) that the use of quality marketing can improve the probability of small business success. Similarly, the importance of marketing to the survival and development of small businesses was stressed by Karanja et al. (2013).

Education and training involving school, college, books, and ongoing study are critical to small business owner success (Modilim, 2016). The importance of education to the success of a small business is consistent with the findings in the published literature; for example, Fadahunsi (2012) found that typically, the more educated small business leaders experience more successful business growth. This theme confirmed the finding by Mitchelmore and Rowley (2013) that the knowledge of the business leaders and their staff were the primary determinants of the success of small business enterprises. Ferguson (2012) also found that education occurs through networking with professional advisors and other business leaders through membership in industry associations that enhance the success of business enterprises.

Focus, determination, and perseverance were important qualities for the success of small business owners (Modilim, 2016). Related to this theme is the finding in the literature by Fahed-Sreih and Morin-Delerm (2012) that small business leaders' successes stem from their commitment to excellence. Also consistent with this theme is the finding of Shonubi and Taiwo (2013) that inherent personality traits, such as the ability to undertake the risks and the satisfaction derived from owning a business, drive the commitment of business leaders, leading to the success of their business enterprises.

Competent, committed, and trained staff was essential to small business success (Modilim, 2016). This theme was consistent with the findings in the research literature by Jayaweera (2015) that leadership practices positively influence employee perceptions of work climate, employee motivation, and job performance, and therefore, contribute to the success of the business enterprise. Alese and Alimi (2014) also found the alignment of enterprise goals with individual goals helps individuals and business enterprises succeed. Business enterprise leaders' success not only depends on the leaders, but also upon the quality of staff that collectively influences the whole organization (von Bertalanffy, 1968).

The support of family members is a critical form of motivation and support for the success of small business. Although participants' motivations for going into business included the provision of self-employment, the motives beyond the provision of self-employment were a key success factor (Modilim, 2016). This theme was consistent with findings of Beaver (2003) that small business enterprises were more likely to fail if the primary motivation for their set-up was to provide employment for the owner, rather than principles that may include greater autonomy and independence.

The documents and proper record keeping of all business activities are important to the success of a business enterprise, regarding securing financial support and provision of information needed for tactical and strategic decision-making (Modilim, 2016). Mohammed and Obeleagu-Nzelibe (2014) confirmed that proper record keeping was a significant factor in business enterprise success. Proper recordkeeping helps garner financial support and leads to the provision of information needed to reposition or restructure the business in the face of changes in the business environment.

CONCLUSIONS

In conclusion, small business leaders should embark on strategic planning and preparation before launching their business ideas. Small business leaders should be focused and determined, keep debt and overhead expenses low, and maintain high-quality and consistent high-performance standards. Furthermore, small business leaders should recognize the importance of relationship management, quality marketing, knowledge and skills, family support and encouragement, and record-keeping of activities of the business enterprise.

The conclusions based on the findings of this study could lead to improvement in the success rate of small business manufacturing enterprises and reduction in financial losses suffered by business leaders as a consequence of business failures. The use of the knowledge garnered from this study may improve the likelihood of small-sized business enterprises growing to medium-sized business enterprises. The conclusions based on findings of this study may also provide assistance and guidance to small business leaders to sustain their business enterprises. Kitching, Hart, and Wilson (2015) identified regulatory burdens on small businesses as significant challenges for small business owners and responsible for some small business failures. Therefore, further value to small business practice may be in the form of a reduced regulatory burden, if government leaders can glean some insights from this study, leading to the formulation of policies that may be supportive of small business enterprise growth and development.

The use of the knowledge gathered from this study may improve the likelihood of small businesses growing to medium-sized businesses. This study may also provide insight to current and future small business leaders on how to prepare to face the challenges of sustaining small business enterprises beyond 5 years after formation. Leaders may be better prepared to anticipate market changes and to respond appropriately.

This study may contribute to the realization of all-encompassing socioeconomic goals of reducing poverty and creating employment opportunities in Nigeria. This study may also contribute to reduced business failures and so provide continued employment for both business leaders and their employees, improved living standard for members of the community and tax revenue to the government. Improved tax revenue to the government as a result of reduced business failure will positively affect government capacity to deliver on developmental projects for the community.

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