



Government-Sponsored Training Programs and Sustainability of Small Businesses in Lagos State, Nigeria

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Abstract. Small and medium enterprises (SMEs) are key drivers of economic growth, employment and innovation, particularly in developing areas like Nigeria. In the commercial nerve centre of Nigeria, Lagos State, SMEs generate income for many and form a substantial share of the Gross Domestic Product (GDP). Realising that small enterprises have significant roles to play, the Nigerian governments have embarked on several interventions in terms of capacity building and these they do through training in management techniques, technology of production and management of operations. Despite the intuitive appeal and the high prevalence of these programs, their effectiveness at the long-run survival of small businesses is not clear. The government supported training programmes and sustainability of small businesses in Lagos State, Nigeria This study examines the nexus between government sponsored training programmes and sustainable small businesses in Lagos State. Utilising a correlation research design as a survey approach, 174 small business owners in Lagos provided responses to structured questionnaires. The analysis shows a positive but statistically non-significant ($p > 0.05$, $r = 0.20$) relationship between government-sponsored training participation and business sustainability. These results indicate that current training interventions may not be successful enough in embedding business growth in Lagos. The research also suggests that training programs should be customised according to industry demands, disseminated through digital channels in order to reach a wider audience and be accompanied by ongoing mentoring, financial and market support aimed at maximising impact. Enhancement of the relevance and support functions of these programs would help to enhance the resilience and long-term survival of small businesses in Lagos State.

Keywords: Small Businesses, Government Training, Business Sustainability, Lagos State, Capacity Building.

1. Introduction

Small firms play a crucial role as drivers of economic growth, employment creation and innovation in the global economy (World Bank, 2020). They represent a large share of firms across developed and emerging economies, employing millions of people and accounting for a large share of gross domestic product (GDP). However, the survival of small businesses is one of the most daunting problems with many factors contributing to this phenomenon: lack of access to credit, poor management capability, technological gap and regulatory burden (Ayyagari, Beck, & Demirguc-Kunt, 2007). The authorities, in many countries around the world, have realised the importance of small business and various policies and programmes have been formulated to promote their survival and growth. Within these measures, training programs supported by the governments of the different levels have been identified as a strategy to provide small business owners with the competences and know-how to adjust to a dynamic market, to innovate and to establish sustainable businesses (OECD, 2019).

Small and medium enterprises (SMEs) are generally considered as the engines of economic development. They are an important source of economic diversification and regional development and help to reduce poverty (Beck, Demirguc-Kunt, & Maksimovic, 2005). Their adaptable nature promotes fast response to changes in the market environment and competition and increases innovative activity (Acs & Audretsch, 2003). Nevertheless, although small businesses are vital, many are within high failure rates in their first several years of operation (U.S. Small Business Administration [SBA], 2020). Service delivery failures arise from poor leadership and management, lack of strategic direction, weak financial management, and limited access to relevant skills and technology. In view of these challenges, the

governments have initiated various support sets such as financial assistance, tax incentives, and regulatory reforms, as well as capacity development programs. Its training programs are critical as they target directly, skill deficits and managerial weaknesses that are often cited as major causes of small business failure (Klapper & Love, 2010). They are designed to help develop entrepreneurial ability, increase efficiency of operation and encourage innovation in an effort to help the venture survive and grow.

One of the key pathways through which government training programs impact the sustainability of small businesses is to increase the technical skills of business owners and their staff. Greater managerial ability, financial knowledge and operations skills increase the capability to make better decisions and manage resource allocation (Brinckmann et al., 2010). For instance, Kauffmann and Rousset (2017) also showed a study of SMEs found that those who participated in government-sponsored management training programs in France were more likely to survive at five years than those who did not. Technology transfer and innovation training programs promote a more competitive U.S. small business community. The introduction of new innovation can be gainful in terms of rising productiveness, product quality and access to new markets (OECD, 2019). For example, the government sponsored ICT training in Kenya has resulted in more digital entrepreneurship and business development (Kariuki & Mugo, 2018). Many of the training programmes are linked to other support services which facilitate the creation of networks between entrepreneurs, financial institutions, and government bodies. These networks provide access to finance, are sources of mentorship, and are conduits for market information, which is essential for guiding businesses to growth and resilience (World Bank, 2020). In the U.S., for instance, the Small Business Administration (SBA) not only offers training programs for startups but has ancillary mentorship and capital programs that enhance smaller firms' success rates.

Without ongoing support or follow-up, skills learnt may decline over time (Lichtenstein & Lyons, 2001). The literature on the long-term sustainability of business training offers a mixed picture. A positive relationship is found in some research while other work emphasizes the role of supporting factors such as access to finance and market conditions (Klapper & Love, 2010). For instance, the study of de Mel, McKenzie, and Woodruff (2009) in Sri Lanka reveals that while training enhanced managerial skills, its impact on business survival was much higher when combined with credit. Robust need assessments are also needed for effective programming, and to ensure relevance of

content to the unique difficulties in different industry sectors and geographies in which small businesses operate (OECD, 2019). Personalization translates into relevance and engagement.

Variety of means of delivery formats such as face-to-face workshop, e-modules online and through mobile phone training enables content to be accessed with flexibility (Kariuki & Mugo, 2018). Using online platforms also lowers costs and increases reach. Ongoing assistance through the use of mentorship, coaching, or refresher sessions also serves to maintain and promote the use of skills (Lichtenstein & Lyons, 2001). These processes are intended to support the integration of new competencies and practices into day-to-day working routine. Strong M&E frameworks are needed to measure progress, identify bottlenecks and to feed in learning. Measures like survival, growth, growth of sales, or creation of further jobs are the most frequently used (Klapper & Love, 2010). Training programmes must be embedded in an enabling environment that offers the tools of finance, technology and markets. The whole should be greater than the sum of the parts – synergies increase the overall effectiveness (OECD, 2019). Private sector partners, industry associations and educational establishments can enhance the program quality and its sustainability (World Bank, 2020). In view of the quick changes, technology is undergoing-hence the need for small businesses to be future fit by focusing more on innovation and digital literacy (Kariuki & Mugo, 2018). Consideration should be made to marginalized segments of the population such as women, youth, and rural enterprise owner/operators to promote equal benefit from training programmes (Acs & Audretsch, 2003).

1.1 Hypothesis

Government-sponsored training programs have no significant sustainability of small businesses in Lagos State.

2. Research Methodology

The research adopted a Correlational Study, which is an important research method in social science. This approach is especially valuable for exploring possible correlations among different factors, which can inform subsequent experimentation or policy design. Correlational research Non-experimental method used to measure the degree of relationship between two or more variables to see if one variable change when another variable changes (Creswell & Creswell, 2017).

The survey report of the National Bureau of Statistics in Nigeria, 2021, affirmed that there were 1,320 registered small businesses in Lagos State,

which is the area of this research. Using Hair et al.'s method for calculating sample size, and 174 was calculated as the sample size. To have true representation of the sample size. The di-stage sampling procedure was adopted for this study. That is, stratified sampling technique and simple random sampling technique was adopted. Stratified sampling technique was to divide Local Government Areas into stratum. That is, The Lagos State has 20 Local Government areas. By this, an average of 8 small business owners are expected to participate in the survey from each of the local government areas making 174 participants. While dip bowl simple random sampling technique was to select the respondent for the study.

The context of study is Lagos State, Nigeria the commercial hub of the country. Being the former capital of Nigeria, it is heavily populated with big markets, traders, business people, and big companies including banks and multinationals. Lagos State has also urged and encouraged the sustainability culture and lifestyle (Gbonegun, 2022). Small businesses are very germane to the economy of Lagos State as it serves the grassroot as well as serve as intermediary to other big businesses. This is seen in the valuable contribution small businesses make to Gross Domestic Product (GDP), as well as in the number of persons engaged in terms of employment (SMEDAN, 2021). This makes Lagos state a viable option and area of study for the research.

The process began with seeking for access from the small business owners about permission to conduct

research with them. When such approval is granted, further clarification was sought on when it can be conducted before commencing research with a research instrument. Collecting data from the target sample were completed within four (4) weeks.

In this study, the questionnaire is divided into several sections to comprehensively cover various aspects of the research. Section A covers the personal and business data of small business owners, including Local Government Area, gender, age group, staff composition, customer strength, highest educational qualification, business line, and business age. Section B addresses government tax incentives, while section C seek information on sustainability of small businesses. The study employs a 5-point Likert scale for responses, which is a widely used approach in social science research for measuring attitudes and perceptions (Joshi et al., 2015). Reliability analysis involves assessing the consistency of the questionnaire items. This is typically done using Cronbach's alpha, which measures internal consistency. A Cronbach's alpha value of 0.70 was confirmed.

The data collected for this study will be analyzed using descriptive statistics of frequency counts and percentage to describe the demographic characteristics of the respondents and mean and standard deviation will be used to answer the research questions. Pearson Product-Moment Correlation (PPMC) was used to test hypothesis, at 0.05 alpha level of significance.

3. Results

Table 1: Demographic Characteristics of the Respondents

Gender		Frequency	Percent (%)
Valid	Male	82	47.1
	Female	92	52.9
	Total	174	100.0
Age		Frequency	Percent
Valid	18 – 25	15	8.6%
	26 – 33	30	17.2%
	34 – 41	46	26.4%
	42 – 49	68	39.1%
	50– Abo	15	8.6%
	Total	174	100.0
Staff Status		Frequency	Percent
Valid	Perm	101	73.2%
	Temp	73	26.8%
	Total	138	100.0
Educational Qualification		Frequency	Percent
Valid	No Education	12	8.7%
	O'Level	32	23.2%
	ND/NC	60	43.5%
	Degree	70	50.7%
	Total	138	100.0
Business Age (In Years)		Frequency	Percent
Valid	10-15	22	12.6%
	16-20	99	57.0%
	21 Above	53	30.4%
	Total	174	100.0

Table 1: explanation the demographic characteristics of the respondents give insights into the sample population's gender, age, staff status, educational qualifications, and business age. The sample comprises a slightly higher percentage of females (52.9%) compared to males (47.1%), indicating a relatively balanced gender representation. The majority of respondents are concentrated in the 42-49 age bracket (39.1%), suggesting that most small business owners in this sample are likely to be more experienced entrepreneurs. This age cohort may possess significant insights into the sustainability of their businesses and can provide a wealth of knowledge on how government initiatives impact their operations. The lower representation of younger respondents (8.6% in the 18-25 and 50 years and above categories). A significant majority (73.2%) of the respondents are permanent staff members. This suggests stability and potentially greater job security within these businesses, which may positively influence their approach to sustainability practices. The presence of temporary staff (26.8%). The educational qualification data indicates that the majority of respondents (50.7%) hold a degree, while 43.5% possess a National Diploma or Certificate. This suggests a relatively educated sample with a significant proportion of respondents having at least a tertiary education background. A higher level of education may correlate with greater awareness of sustainability practices and government support initiatives. However, the 8.7% with no formal education underscores a need for inclusive programs that cater to all educational backgrounds. The majority of businesses represented in this sample (57.0%) fall within the 16–20-year age range, indicating that many respondents are operating established businesses rather than start-ups. This stability can suggest resilience and a certain level of expertise in navigating the challenges faced within the market. The significant percentage of businesses with more than 21 years of experience (30.4%) may indicate a depth of experience that could positively influence conversations around sustainability. Conversely, only 12.6% fall in the 10–15-year range. Government-sponsored training programs have no significant sustainability of small businesses in Lagos State.

Table 2: Summary of Person Product Moment Correlation on Government-sponsored training programs and sustainability of small businesses in Lagos State

Variables	Mean	SD	n	df	r	Prob	decision
Government-Sponsored Training Programs	3.50	0.90	174	172	0.20	0.15	accepted
Sustainability of Small Businesses	3.60	0.78					

Table 2, which presents the Pearson Product Moment Correlation analysis regarding the relationship between government-sponsored training programs and the sustainability of small businesses in Lagos State. Government-Sponsored Training Programs have mean 3.50, this score suggests that, on average, respondents have a moderately positive perception of the government-sponsored training programs available to them. A mean of 3.50 indicates a neutral to favorable sentiment about the usefulness and accessibility of these training initiatives. Standard Deviation (SD) of 0.90, This standard deviation shows that there is a notable level of variability in perceptions among respondents about the government-sponsored training programs. Some may perceive these programs positively, while others may see them as less beneficial. Sustainability of Small Businesses have mean of 3.60. A mean score of 3.60 indicates that respondents generally regard the sustainability efforts of small businesses positively, suggesting that many businesses implement sustainability practices to a reasonable extent. Standard Deviation (SD) of 0.78. A standard deviation of 0.78 suggests there is also some variability in perceptions of sustainability among small businesses, though it is slightly less than that for government-sponsored training programs. Correlation Coefficient (r) is 0.20. This value indicates a weak positive correlation between government-sponsored training programs

and the sustainability of small businesses. An r value of 0.20 suggests that there is a slight tendency for small businesses that participate in these training programs to implement better sustainability practices; however, the strength of this relationship is minimal. Prob (p-value) is 0.15. The p-value indicates that the correlation observed is attributable to chance. A common threshold for statistical significance is 0.05. Since the p-value of 0.15 is greater than 0.05. This means the null hypothesis is accepted. Therefore, Government-sponsored training programs have no significant impact on the sustainability of small businesses. The results summarized in Table 12 indicate that there is no significant relationship between government-sponsored training programs and the sustainability of small businesses in Lagos State. While a weak positive correlation exists (r = 0.20), it is not statistically significant (p-value of 0.15), leading to the conclusion that these training programs do not significantly affect small businesses' sustainability efforts. This calls for a reevaluation of such programs to make them more impactful and relevant in promoting sustainable practices among small enterprises.

4. Discussion

Small businesses are drivers of the economy, employment, and innovation worldwide (World

Bank, 2020). But despite their importance, a large proportion of small firms fail, often due to leadership deficiencies, lack of exposure to advances in technology and poor strategic planning (U.S. Small Business Administration, 2020). To support small businesses governments globally have established a number of instruments, with public funded training programs taking a significant role as it can strengthen the ability and resilience of small firms (OECD, 2019). Managerial and technical competence One of the key mechanisms by which government training programmes impact on small business sustainability is through the enhancement of managing and technical skills. Most small business owners do not have formal business education and hence cannot effectively plan, manage finances, and respond to market changes (Klapper & Love, 2010). Government-facilitated livelihoods skills-programmes attempt to compensate for this lack by providing focused training sessions. A case in point is the government sponsored entrepreneurship training in Nigeria, it not only increased the managerial competences but also enhanced the survival of micro enterprises (Olowu & Ojo, 2019). These programs directly impact operational efficiency and decision making by providing entrepreneurs with necessary skill sets, thereby mitigating the risk of early-stage firm failure.

At a time of digitalisation and global competition, innovation and technology adoption are what small businesses need in order to survive (OECD, 2019). Railway training supported by the state is focusing on technological understanding, digital marketing and management of innovation. For example, in Kenya, the Government sponsored Digital Literacy Program that enabled the small business sector to access ICT tools, leading to market expansion and revenue growth (Kariuki & Mugo, 2018). Training in technology lessens the technological barriers to innovation, the enhancement of productivity and survival, indicators of longer-term viability for small firms. Most curriculums will have some type of competition training, self-promotion/marketing and networking instruction to them. These factors are vital for expansion of new markets and critical partnerships for small businesses (World Bank, 2020). There is usually government intervention that connects them to banks, providers and customers to allow business to grow'. In addition, participation in training programs may facilitate peer networks, where entrepreneurs can exchange best practices and assist one another by means of mentorship and joint ventures (Lichtenstein & Lyons, 2001). This social capital helps construct businesses that are resilient in the face of economic shocks. While they work, the range and effect of government training programs depend on tackling a number of hurdles. Poor access, especially in rural or marginalized areas,

may result in a restricted access aspect for many microenterprises (Klapper & Love, 2010). Furthermore, content tailored for different sectors or stage of business may not be useful if it is not well-tailored (OECD, 2019).

5. Conclusion

The study's findings clearly demonstrate that, within Lagos State, government-sponsored training programs do not have a statistically significant impact on the sustainability of small businesses. Although respondents generally perceive these programs as moderately beneficial, the weak positive correlation ($r = 0.20$) and the p-value (0.15) exceeding the conventional significance threshold (0.05) indicate that participation in such training alone is insufficient to guarantee long-term business survival.

6. Recommendations

The following recommendations were based on the findings and related literature to strengthen the effectiveness of government-sponsored training programmes and the sustainability of small businesses in Lagos State:

- Training plans need to be adapted to the peculiar constraints that entrepreneurs in diverse industries and stages of their firm's life face. Modules that are sector specific and practical case studies may improve relevance and application.
- To narrow the gap in rural and urban underserved settings, harness digital venues with mobile training units for more accessible dissemination. Adding online courses, mobile training applications and local community workshops can support universal inclusion.
- Training is not a single event. Institute mentorship, coaching and refresher courses to perpetuate skills acquisition and respond to market signals. Continued engagement is necessary to impact the splicing cascade and maintain the effects over time.
- Pair training programs with affordable financing, access to markets and technology support. Combining them into an integrated package has greater sustainability effect in the business.

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