



## **THE ROLE OF SMALL AND MEDIUM ENTERPRISES IN SUSTAINABLE BUSINESS PRACTICES IN LOKOJA, KOGI STATE**

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### **ABSTRACTS**

*The purpose of this study is to examine the role of small and medium enterprises in Lokoja, Kogi State. A total of 115 questionnaires were used for the study, and each one was personally distributed and followed up with an interview to gather data. descriptive statistics, including 5-point Likert scale ratings, graph charts, and tables. The study's conclusions show that a sizable portion of small and medium enterprises have already actively begun to implement sustainable initiatives. These initiatives include the adoption of renewable energy and environmental certification, waste management and water conservation, local sourcing of suppliers and materials, and digital transformation. The main obstacles that Small and Medium-Sized Businesses encounter when adopting sustainable practices are budgetary limitations, restricted access to resources like technology and information, and insufficient backing from governmental or other groups. The report suggested that in order to help Small and Medium Enterprises adopt sustainable practices, the government and pertinent organizations should create and implement specialized support programs. The government should think about offering financial incentives, such as tax exemptions, grants, or low-interest loans designed especially for sustainable initiatives, to help Small and Medium Enterprises overcome the financial obstacles they experience while implementing sustainable practices.*

**Key words:** Small and Medium Enterprises, Sustainable Business Practices, government, Finance

### **INTRODUCTION**

Businesses that fit into a specific size range with regard to their yearly turnover, total assets, or number of workers are referred to as small and medium enterprises. By distributing money, reducing poverty, generating jobs, and fostering innovation, small and medium-sized businesses significantly contribute to economic growth (Maneesha, 2020). Having a strong Small and Medium Enterprises sector becomes crucial to building a robust industrial sector in the economy. Continuous and sustainable economic growth depends on the operation of small and medium-sized businesses (Parvin, *et al.*, 2021). Small and medium-sized businesses have the chance to succeed more in developing markets due to their quicker economic growth and higher profitability, both locally and globally (Yeh, *et al.*, 2021). The significance of sustainable business practices for long-term social, environmental, and economic well-being has gained attention in recent years. Consequently, there is now more focus on how Small and Medium Enterprises develop and apply sustainable practices (Baark, *et al.*, 2020).

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A wide range of actions taken to reduce adverse effects on the environment, advance social justice, and maintain economic viability are together referred to as sustainable practices. These behaviors include, but are not limited to, lowering carbon emissions, protecting the environment, implementing ethical work practices, and taking part in community development programs. Because of their size and adaptability, small and medium-sized businesses have the potential to be extremely important in advancing sustainable development and a more ethical business climate (Baark, *et al.*, 2020). Small and medium-sized businesses are renowned for their inventiveness and flexibility. They stimulate innovation and propel technical progress across multiple domains. Their fast response to shifting consumer needs and adoption of new technology supports the expansion of the economy as a whole (European Commission, 2019). Small and medium-sized enterprises (SMEs) support inclusive growth and development by providing goods and services that are adapted to regional needs (UNCTAD, 2020). Owing to financial and resource limitations, a large number of small and medium-sized businesses implement ecologically sustainable strategies. For example, they might employ renewable energy sources, lower trash production, or install energy-efficient devices. According to the European Environment Agency (2019), these environmentally friendly measures help to reduce environmental consequences overall.

Lokoja is a city located in Nigeria. It serves as the capital of Kogi State, one of the states in the central region of Nigeria. Lokoja is situated at the confluence of the Niger River and the Benue River, which is why it is often referred to as "The Confluence City." (Bayani and Crisanto, 2017). Small and Medium Enterprises in Lokoja, like Small and Medium-Sized Enterprises elsewhere, sustain their business practices by adopting various strategies that promote long-term viability and growth such as understanding the needs and preferences of their local customer base in Lokoja. Ensuring the quality of products and services is essential for Small and Medium Enterprises to remain competitive. However, securing adequate financing is often a challenge. Exploring funding options such as microloans, grants, or support from government programs can help Small and Medium Enterprises in Lokoja sustain and expand their operations (Hossain, 2020).

The following questions were posed by the study:

- i. What is the current state of sustainable business practices adoption small and medium enterprises in the study area?
- ii. What are the key barriers faced small and medium enterprises in adopting sustainable business practices?
- iii. What are the factors influencing small and medium enterprises to embrace sustainable business practices?

The study's primary goal is to assess the role of small and medium enterprises in promoting sustainable business practices in Lokoja, Kogi State. Its specific goals are as follows:

- i. assess the current state of sustainable business practices adoption among small and medium enterprises in the study area.
- ii. examine the key barriers faced by small and medium enterprises in adopting sustainable business practices in the study area.
- iii. assess the factors influencing small and medium enterprises to embrace sustainable business practices in the study area.

## REVIEW OF RELATED LITERATURE

### Small and medium enterprises

The term "small and medium enterprises" (SMEs) describes a group of companies that, when it comes to yearly turnover, total assets, or employee count, fit into a specific size range. In many nations, small and medium-sized businesses are vital to the growth of the economy and the generation of jobs. Because of the enormous impact they have on employment, innovation, and entrepreneurship, they are frequently referred

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to as the foundation of the economy. Small and medium-sized businesses are involved in a variety of industries, including as technology, manufacturing, services, retail, and agriculture (Small Business Administration, 2020).

### **Sustainable Business Practices**

The idea of sustainable business practices is the incorporation of social, economic, and environmental factors into a company's main business plans and operations. It entails implementing procedures that reduce adverse effects on the environment, advance social justice and accountability, and support sustainable economic viability (Elkington, 2018). The adoption of sustainable practices by small and medium-sized enterprises has been the subject of numerous studies. According to Adeleke and Mordi's (2018) research, the adoption of sustainable business practices is favorably influenced by small and medium-sized enterprises' dedication to sustainable entrepreneurship.

Studies have revealed that implementing sustainable practices can provide Small and Medium-sized Enterprises with a competitive edge. Santos *et al.* (2015) examined the impact that small and medium-sized enterprises play in sustainable entrepreneurship and how taking an entrepreneurial approach might help reduce environmental deterioration. Schaltegger and Wagner (2011) highlighted the significance of innovation and sustainable entrepreneurship in small and medium-sized businesses, pointing to it as a possible source of competitive advantage. According to Boso *et al.* (2019), networking and teamwork have a good impact on small- and medium-sized enterprises' performance and sustainable entrepreneurship.

### **Small and medium enterprises and Sustainable Development in Lokoja, Kogi State**

Every economy, including Lokoja, Nigeria's, depends on small and medium-sized businesses. These businesses are vital to the expansion of the economy, the creation of jobs, and the fight against poverty. Small and Medium Businesses in Lokoja are classified according to the number of employees and assets they possess. Small and medium-sized enterprises in Lokoja are generally divided into three categories: micro enterprises, which are businesses with fewer than ten employees and minimal assets; small enterprises, which are businesses with eleven to forty-nine employees and slightly higher assets than micro enterprises; and medium enterprises, which are businesses with fifty to ninety-nine employees and relatively more significant assets compared to small enterprises (Schaltegger and Wagner, 2021). The exact classification may vary slightly depending on the source. Conversely, sustainable development pertains to a methodology of development that satisfies the requirements of the current generation while maintaining the capacity of future generations to satisfy their own demands. To guarantee a fair and balanced development process, it entails taking economic, social, and environmental aspects into account (Adeleke and Mordi, 2018). In the context of Lokoja, it is crucial to support small and medium-sized businesses' sustainable development since they support economic expansion (Bai and Sarkis, 2020). Small and medium-sized businesses can reduce their negative environmental effects by promoting sustainable practices, which will improve waste management, reduce pollution, and conserve resources (Lüdeke-Freund, 2019).

### **Theoretical Review**

#### **Triple Bottom Line (TBL) Theory:**

John Elkington proposed the Triple Bottom Line (TBL) idea in 1994. The TBL theory places emphasis on the notion that companies ought to consider their social and environmental implications in addition to their financial profits—the so-called bottom line. In the case of Lokoja, Kogi State, SMEs that apply TBL principles can support sustainable business practices through economic sustainability; that is, SMEs can foster regional economic growth by creating jobs and promoting local business ventures. As a result, living standards rise and poverty decreases. Also, through social sustainability where SMEs can engage in community development and support local social initiatives and environmental Sustainability where SMEs can adopt eco-friendly practices, reducing their environmental footprint (Elkington, 1994).

The theory assumes that businesses have three main dimensions of performance: economic, social, and environmental. It also assumes that these dimensions are interconnected, and actions in one area can affect

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the others. For example, positive social contributions can lead to increased financial performance. The strengths of the TBL theory offers a more comprehensive assessment of a company's performance by going beyond financial metrics and considering broader social and environmental impacts. The TBL theory also promotes long-term sustainability by encouraging businesses to consider the social and environmental consequences of their actions, which can lead to responsible and ethical practices. When a business applies TBL principles, its reputation improves and it becomes more appealing to investors, consumers, and staff who value CSR (Elkington, 1994).

One of the main weaknesses is the difficulty in quantifying and measuring social and environmental impacts. This can make it challenging to compare and benchmark TBL performance. The theory's application relies on subjective judgments and values, which can vary from one stakeholder to another, leading to potential conflicts in priorities. The TBL theory is highly relevant in today's business landscape because it encourages businesses to address environmental issues and contribute to a more sustainable future. Companies that effectively implement TBL principles can gain a competitive advantage by differentiating themselves and appealing to a growing market of socially and environmentally conscious consumers.

#### **Resource Based View (RBV) Theory:**

According to the RBV theory, a business can maintain its competitive edge and long-term viability by making efficient use of its valuable, non-replaceable resources. Wernerfelt, Barney, and Penrose (1992) were the main developers of the Resource-Based View (RBV) theory. According to the principle, businesses can get a competitive edge by having distinct and distinctive resources. It also presumes that certain resources are important since they may be hard for other businesses to imitate and are not entirely transportable. The RBV theory's strengths include its ability to refocus attention from external market factors to internal resources and skills that a corporation can manage. It implies that businesses can use their special resources to gain a long-term competitive advantage. RBV theory promotes businesses to change and grow in response to their resource base, which is important in dynamic and changing business environments.

Weaknesses of the theory is that critics argue that the theory can be circular in its reasoning, as it defines competitive advantage in terms of valuable, rare, and non-substitutable resources, which can be seen as tautological. The RBV theory remains highly relevant in strategic management and business studies for understanding and achieving competitive advantage by identifying and leveraging unique resources, which is a fundamental concern for businesses. Incorporating these theories, SMEs in Lokoja, Kogi State can play a pivotal role in driving sustainable business practices, benefiting both their organizations and the broader community and environment (Wernerfelt, *et al*, 1992)

#### **Empirical Review**

Many research has looked into SMEs' adoption of sustainable practices. Using the New Juabeng Municipal Assembly as a case study, Ntiamoah, *et al.* (2024) conducted a study to determine the contribution of small and medium-sized enterprises to Ghana's economic growth. 200 respondents who worked for SME enterprises were given questionnaires to complete in order to collect primary data. The Statistical Package for Social Sciences (SPSS) analytical tool was used to code and analyze the data, and both descriptive and inferential statistics were performed. A multiple regression analysis was performed to determine whether there was any correlation between the independent variables—higher education levels and support from NGOs and the government—and the dependent variables—growth in employment and income. The study's conclusions demonstrated the significant role SMEs play in creating jobs in the rural economy, particularly for those with less formal education. The study's findings on income generation indicated that SMEs were a major force behind both the creation and distribution of the populace's income.

According to a study by Thabiso & Odunayo (2021), inadequate funding is the primary cause of South Africa's small business failure rate, which is declining. Thus, this study looks at the variables influencing the financial sustainability of small and medium-sized businesses in South Africa. Six of the 310

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respondents whose data were acquired using purposive sampling filled out the form incorrectly. Based on information gathered from 304 respondents, including owners and/or managers of small and medium-sized manufacturing, retail, agricultural, and construction businesses, the analysis was conducted. The positivist paradigm's quantitative research design was applied. In particular, a descriptive and multivariate regression analysis revealed that access to financing, accounting expertise, financial awareness, and budgeting all have positive and significant effects on the financial sustainability of SMEs, with each variable having a probability value of 0.005. With absolute values of 0.425 and 0.373, respectively, budgeting and financial accessibility have the highest values of all the factors studied. Therefore, it was determined that seminars, workshops, and training sessions should be held in order to raise small and medium-sized businesses' financial literacy. As a result, the owners will be better equipped to use their accounting and budgeting skills and will have more experience satisfying financial institution loan requirements. Additionally, sufficient funding ought to be set aside to support the ongoing education and training of small business owners using the services of financial experts.

Desislava & Emma (2020) conducted a study to determine the extent to which Swedish SMEs implement sustainable practices, as well as the internal and external motivations that support them. The perspective of SMEs and their incentives for preserving these are contrasted with the biggest internal and external factors for adopting sustainable practices, as discovered by researchers. Due to the exploratory character of this dissertation, a qualitative research approach was necessary in order to gain a deeper understanding of the concerns. The investigation was limited to Swedish businesses, and data were gathered using a cross-sectional research approach. We conducted nine semi-structured interviews; as with other qualitative studies, the data should be interpreted with caution. However, since patterns appeared, our conclusions were strengthened. Results and Inferences Remarkably, only six of the thirteen drivers that were seen to be more strongly associated to the maintenance component were also thought to have strong relationships to adoption. In addition to these results, we discovered a significant motivator, which we believe should be discussed independently: the perceived lifespan of the company. Our primary findings indicate that: (a) the social pillar has been overlooked; (b) there is less of a correlation between the size of the enterprise and the kind and level of sustainability engagement; and (c) the majority of the Swedish SMEs under investigation are either already in or are in the process of entering the "Incremental development" stage. While adopting an outside-in approach won't happen instantly, companies can move forward.

On sustainability, Alireza & Mehdi (2020) conducted research on the strength of sustainability barriers and workable solutions in the green product lifecycle at SMEs are examined in this study on barriers in SMEs. This research examines the current obstacles and concentrates on small and medium-sized businesses (SMEs) in the Jonkoping area. Additionally, this study includes interviews with sustainable and successful businesses, reflecting their strategies for overcoming those obstacles at a distinct stage of the green product development process. The goal of this thesis is to investigate the readily available, doable solutions for various environmental sustainability hurdles faced by SMEs in the Jonkoping region. It also seeks to identify strategies used by sustainable companies to go beyond obstacles to sustainability. An experimental study approach was used to achieve the thesis's goals, and in-depth, semi-structured interviews produced the data. Ten interviews with prosperous Jonkoping-area companies using sustainable practices were done. Using an inductive technique, the data analysis for this study was produced. According to this study, green businesses who have found success have categorized their obstacles into three groups: general, segmental, and individual. Following that, they intend to implement the appropriate solution by assessing the degree of challenges in each GPL step and taking into account their available resources. Another key discovery in this thesis was a useful framework based on our study findings.

In order to evaluate sustainable business strategies in small and medium-sized enterprises, Mumuni (2019) carried out a study. This study aimed to identify the support institutions, the business preparation strategies used by small and medium-sized enterprises, the sustainability of the support provided to the enterprises, the challenges faced by small and medium-sized enterprises, and the mechanisms put in place to address

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these challenges. For the purpose of the inquiry, 91 respondents who were business owners of SMEs were chosen as the sample. In essence, data analysis involved the application of Kendall's coefficient of concordance, descriptive statistics, and SWOT analysis. The results showed that the organizations assisting SMEs were ASONGTABA, BAC, Banks, Credit Unions, LESDEP, Microfinance Institutions, MTN, PARED, and REP. Technological innovation, speed to market, product quality, and adaptability to customer preferences are some of the strategies employed. Those who used both the main strategies and the secondary techniques to achieve their goals saw development and expansion in their businesses. When asked about the obstacles faced by small and medium-sized businesses, nearly all of the respondents placed the financial challenge as the biggest; administrative and technological challenges came in second and third, respectively. Accordingly, the study suggests that these businesses can grow and expand by implementing significant service delivery techniques. Any attempt to enhance the performance of small and medium-sized businesses should take administrative, technical, and financial difficulties into account.

A study on evaluating the role of small and medium-sized businesses in sustainable business practices was carried out by Smith (2018). Document analysis and semi-structured interviews were the methods used to collect the data. Ten small and medium-sized businesses made up the sample size. The study's conclusions showed that SMEs lacked knowledge and comprehension of sustainable business practices. Due to limited resources and conflicting goals, the majority of SMEs found it difficult to put comprehensive sustainability strategies into practice, despite some initiatives. In order to encourage sustainable practices, the study suggested that initiatives for capacity-building and focused educational programs be made specifically to meet the needs of SMEs. Stakeholder cooperation is encouraged in order to give SMEs the tools and resources they need to adopt sustainable business models. They pointed out that while SMEs are essential to sustainable development, obstacles must be removed in order to allow them to engage in sustainable business practices. The study's limited generalizability of findings has been attributed to probable bias in participant selection and the small sample size.

### METHODOLOGY

The exploratory research approach is the research strategy that the investigator employed. Individual interviews were conducted after administering questionnaires to gather information from respondents' spoken answers. The researcher's scope for this study is limited to 938, 740 Small and Medium Enterprises (SMEs) in Lokoja, Kogi State, that are registered with SMEDAN and come from the manufacturing, retail, construction, and agricultural sectors. The study's sample size was determined using Taro Yamene's statistical technique:  $n = N/1+N(e)(2)$ .

Where  $n$  is the sample size,  $N$  is the population, and  $e$  is the margin of error (5%).

Therefore;  $= 938, 740 / (1 + 938, 741 (0.01)^2)$

$= 938, 740 / (938, 740 (0.0001))$

$= 938, 740 / 0.3164$

$= 120$

The sample size for this study is 120.

**Table 1: Details of Targeted Sample Size and Respondents**

Nature of SMEs	Nature of participants	Target sample size
Construction	Owner of the SMEs or manager	30
Manufacturing	Owner of the SMEs or manager	30
Agriculture	Owner of the SMEs or manager	30
Retail sector	Owner of the SMEs or manager	30
<b>Total</b>		<b>120</b>

Descriptive statistics such as tables, charts, was used to achieve some objectives of the study, while the multiple regression analysis and a five-point Likert scale with five possible responses—from strongly agree

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(5) to strongly disagree (1) was also used to achieve some objectives of the research work. Data was analyzed with the Statistical Package for Social Scientists (SPSS).

## DATA PRESENTATION AND ANALYSIS

### Socioeconomic Characteristics of Respondents

The demographic information of Small and Medium Enterprises in the research areas, including gender, age, years of experience, and educational background, is displayed in table 4.1 above. The respondents' gender is displayed in the table below. Men make up 65.2% of respondents, while women make up 34.8%. The table below displays the respondents' ages. The findings indicate that 21.6% of the participants are under 25 years old, 15.7% are between 26 and 35 years old, 17.4% are between 36 and 45 years old, 31.3% are between 46 and 55 years old, and 9.6% are beyond 55.

The table equally shows the educational qualification attained by the respondents. It is revealed in the table 4.1 below that 14.8% of the respondents possess Primary school certificate, 26.1% of the respondents are possess Secondary school certificate, 29.6% of the respondents are holders of Diploma Certificate, Bachelor's degree holders of the respondents are 16.5%, and 13.0% of the respondents are having Master's degree or higher qualifications. However, table 4.1 also shows the years of experience of respondent, it is revealed that 17.4% of respondents have been in business for Less than 1 year, others are 1-3 years (44.3%), 4-7 years (14.8%), 8-10 years (11.3%) and more than 10 years (12.2%).

**Table.1: Socioeconomic Characteristics of Respondents in the Study Area**

Variables	Frequency	Percentage (%)
<b>Gender</b>		
Male	75	65.2
Female	40	34.8
<b>Total</b>	<b>115</b>	<b>100.0</b>
<b>Age (years)</b>		
<25	30	26.1
26-35	18	15.7
36-45	20	17.4
46-55	36	31.3
Above 55	11	9.6
<b>Total</b>	<b>115</b>	<b>100.0</b>
<b>Level of Education</b>		
Primary school	17	14.8
Secondary school	30	26.1
Diploma Certificate	34	29.6
Bachelor's degree	19	16.5
Master's degree or higher	15	13.0
<b>Total</b>	<b>115</b>	<b>100.0</b>
<b>Years of experience</b>		
Less than 1 year	20	17.4
1-3 years	51	44.3
4-7 years	17	14.8
8-10 years	13	11.3
more than 10 years	14	12.2
<b>Total</b>	<b>115</b>	<b>100.0</b>

Source: Authors work, 2024.

### Small and Medium Enterprises and Sustainable Business Practices

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The table below shows the how Small and Medium Enterprises Practice Sustainable Business in the study area. Table 4.2 shows the respondents business sectors which include the agricultural sector, manufacturing sector, retail sector and the construction sectors. The result of table 4.2 also shows respondent response on how important is it for Small and Medium Enterprises in Lokoja to adopt sustainable business practices, 19.1% indicated that it was moderately important, 41.7% indicated that it was very important and 39.1% indicated that it was extremely important. Furthermore, respondents were probe to briefly describe the sustainable practices they have adopted, 19.1% indicated renewable energy adoption and environmental certification, also 19.1% indicated waste management and water conservation, 26.1% indicated sourcing materials and suppliers locally, 22.6% indicated digital transformation and eco-friendly packaging, and 13.0% or respondents indicated community engagement and social initiatives. The findings are in line with Anosike and Adeleke (2016) who explored the relationship between sustainable business practices and Small and Medium-sized Enterprises performance in Nigeria, highlighting the positive impact of adopting sustainable practices on business performance.

**Table: 2 Small and Medium Enterprises and Sustainable Business Practices**

Variables	Frequency	Percentage (%)
<b>Sector of Small and Medium Enterprises</b>		
Agriculture	40	34.8
Manufacturing	35	30.4
Retail	20	17.4
Construction	20	17.4
<b>Total</b>	<b>115</b>	<b>100.0</b>
<b>How Important is SME adoption of sustainable business practices</b>		
Moderately important	22	19.1
Very important	48	41.7
Extremely important	45	39.1
<b>Total</b>	<b>115</b>	<b>100.0</b>
<b>Sustainable practices you have adopted</b>		
Renewable energy adoption and environmental certification	22	19.1
Waste management and water conservation	22	19.1
Sourcing materials and suppliers locally	30	26.1
Digital transformation and eco-friendly packaging	26	22.6
Community engagement and social initiatives	15	13.0
<b>Total</b>	<b>115</b>	<b>100.0</b>

Source: Authors work, 2024.

### **Key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices**

The result of able 4.3 below shows key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices in the study area. Respondents indicates that supply chain complexities (MS=4.91) and limited support from the government or other organizations (MS=4.91) ranked 1<sup>st</sup> respectively, financial constraints and market demands and competition (MS=4.60) ranked 2<sup>nd</sup>, followed by lack of awareness / knowledge and regulatory / policy challenges (MS=4.26) ranked 3<sup>rd</sup>, limited resources and expertise (MS=4.21) which ranked 4<sup>th</sup>, lack of support and incentives (MS=4.08) ranked 5<sup>th</sup>, resistance to change (MS=4.00) ranked 6<sup>th</sup> and perceived high costs (MS=3.82). The result of the study is in line with Onuoha *et al.*, (2019) who noted that Small and Medium-sized Enterprises might lack the

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dedicated personnel or expertise to identify, plan, and implement sustainable initiatives effectively. This can be due to their limited workforce, market demands, innovations and financial capacity.

**Table:3 Key barriers faced by Small and Medium-Sized Enterprises in adopting sustainable business practices**

S/N	ITEMS	SA	A	U	D	SD	TS	MS	RANK
1	Financial Constraints	75	35	5	0	0	115	4.60	2 <sup>nd</sup>
2	Lack of Awareness / Knowledge	30	85	0	0	0	115	4.26	3 <sup>rd</sup>
3	Limited resources and expertise	25	90	0	0	0	115	4.21	4 <sup>th</sup>
4	Regulatory / policy challenges	40	70	0	5	0	115	4.26	3 <sup>rd</sup>
5	Market demands and competition	85	25	0	0	5	115	4.60	2 <sup>nd</sup>
6	Supply chain complexities	25	57	0	10	5	115	4.91	1 <sup>st</sup>
7	limited support from the government or other organizations	105	10	0	0	0	115	4.91	1 <sup>st</sup>
8	Perceived high costs	10	85	0	10	10	115	3.82	7 <sup>th</sup>
9	Resistance to change	115	0	0	0	0	115	4.00	6 <sup>th</sup>
10	Lack of support and incentives	25	85	0	0	5	115	4.08	5 <sup>th</sup>

**Source:** Authors work, 2024.

#### Factors Influencing sustainable business practices

Findings of table 4.4 below shows factors that motivate Small and Medium-Sized Enterprises to embrace sustainable business practices in the study area. The probit regression result reveals that Access to finance (0.000), Employee engagement (0.001), Supply chain requirements (0.008) increase in consumer awareness (0.000), Demand for sustainable products & services (0.000), Government regulations and policies (0.002), Reduce environmental and social risks (0.001) and Regulatory compliance (0.002) were all statistically significant than the conventional p-value of 0.05 and has a positive impact on the likelihood of SMEs embracing sustainable business practices. This suggests that SMEs are influenced by the sustainability requirements imposed by all of the above factors. The study agrees with Lüdeke-Freund (2019) whose findings ascertain that integrating sustainability practices can enhance the resilience of Small and Medium-sized Enterprises, making them better equipped to adapt to changing market dynamics and external shocks.

#### Probit Regression Results for Factors Influencing Sustainable Business Practices

Dependent Variable: Sustainable Business Practices					
Variables	Coefficients	Std. Error	t-ratio	p>/t/	Sign
Constant	7.432	.235	27.27	0.000	+
Access to finance	0.321	0.078	4.103	0.000***	+
Employee engagement	0.210	0.064	3.281	0.001**	+
Supply chain requirements	0.135	0.051	2.647	0.008**	+
Increase in consumer awareness	0.289	0.071	4.073	0.000***	+
Demand for sustainable products & services	0.254	0.067	3.789	0.000***	+
Government regulations and policies	0.175	0.055	3.182	0.002**	+
Reduce environmental and social risks	0.198	0.060	3.300	0.001**	+
Regulatory compliance	0.143	0.047	3.042	0.002**	+
<b>R-Square</b>	0.7300				
<b>Adjusted R-Square</b>	0.6275				
<b>F-value</b>	12.35				

**Source:** Authors work, 2024.

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## CONCLUSION AND RECOMMENDATION

### Conclusion

The assessment of Small and Medium-Sized Enterprises (SMEs) in Lokoja, Kogi State, regarding their role in sustainable business practices provides valuable insights into the current state of sustainability adoption among these businesses. The findings indicate a promising level of awareness among Small and Medium Enterprises owners and operators concerning sustainable practices, with a considerable number of Small and Medium Enterprises already taking proactive steps to implement environmentally and socially responsible initiatives. However, the assessment also revealed several challenges faced by Small and Medium Enterprises in their journey towards sustainability. Financial constraints, limited access to resources, and inadequate support from external entities were identified as barriers hindering the wider adoption of sustainable practices. To fully leverage the potential of Small and Medium Enterprises in promoting sustainability, it is essential to address these challenges by providing the necessary resources, knowledge, and support.

The study's respondents expressed a desire for increased government support and incentives to accelerate sustainability adoption. Collaborative efforts between the government and Small and Medium Enterprises can create an enabling environment that encourages responsible business practices, including financial incentives, policy frameworks, and capacity-building programs. The findings indicate that Small and Medium Enterprises in Lokoja, Kogi State, have embarked on a promising journey towards sustainability, demonstrating commendable awareness and action in adopting environmentally and socially responsible practices.

### Recommendation

Based on the findings, the following suggestions are made to improve and encourage Small and Medium Enterprises in Lokoja to implement sustainable initiatives:

- i. Specialized assistance programs should be developed and put into place by the government and pertinent organizations to help Small and Medium Enterprises adopt sustainable practices.
- ii. The government should think about offering financial incentives like tax breaks, grants, or low-interest loans especially designed for sustainable initiatives in order to lessen the financial obstacles Small and Medium Enterprises have when implementing sustainable practices.
- iii. Developing a voluntary sustainable business certification system could encourage Small and Medium Enterprises to showcase their commitment to sustainability and differentiate themselves in the market.
- iv. Facilitate the creation of a local sustainable business network or association where SMEs can collaborate, share knowledge, and exchange experiences on sustainable practices.

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