

Financial Strategies for Sustainability of Enterprises in Nigeria: The Manufacturing and Trading Sector Outlook

Okey Okoro Udo & Edward Perekebina Agbai

1. Faculty of Management, Walden University, USA
2. Faculty of Management, Emmanuel University, Fayetteville, NC, USA

D.O.I: 10.56201/ijebm.v8.no5.2022.pg17.34

Abstract

Although small and medium enterprises (SMEs) contribute significantly to Nigeria's socioeconomic and political development, most of the country's SMEs no longer operate by their fifth anniversary. Many owners lack knowledge of the financial strategies required for the long-term performance and growth of their enterprise. The aim of this qualitative multiple case study was to gain an in-depth understanding of financial strategies that SMEs owner-managers can adopt to enhance the sustainability of their business operations in Nigeria. This study was grounded in entrepreneurship theory and Porter's model of competitive strategy. Qualitative data were collected from semi structured interviews, observational field notes, and reflections. The participants were six SME owner-managers who employ between 10-99 employees within the manufacturing and trading sectors. Thematic analysis of data produced (a) using available financing options, (b) entrenching strategic financial practices, (c) adopting effective long-term financial planning, (d) embracing entrepreneurial resilience, and (e) taking advantage of technology. The findings revealed the need for SME owner-managers to be dynamic in their financial strategy practices. By doing so, SME owner-managers may be able to sustain their businesses, which may promote positive social change through job creation, wealth distribution, technological innovation, grassroots development, and enhancement of gross domestic product.

Keywords: *Adopting Technology, Entrepreneurial Resilience, Financial Strategy, Job Creation, Wealth Distribution*

1. Introduction

The SME sector is the propelling engine of any economy contributing to its development via income and wealth redistribution, employment generation, poverty alleviation, rural-urban drift control, export promotion, economic diversification, savings mobilization, and technological innovativeness, among others (Bello et al., 2018). As documented by the World Bank (2015), SMEs with micro-enterprises represent about 90% of businesses in operation generating more than 50% employment globally. SMEs operate at various levels ranging from rural, urban, regional, and national to international markets (Ikpor et al., 2017). According to the Small and

Medium Enterprises Development Agency of Nigeria (SMEDAN, 2013), in conjunction with the Nigeria Bureau of Statistics (NBS), SMEs contribute about 50% of Nigeria's gross domestic product (GDP) and account for over 80% of the country's employment.

A critical element of organizational performance is finance, and documented evidence from the literature suggests that the strategic behavior of SME owners is a defining characteristic of the management process within SME firms (Uchechara, 2017; World Bank, 2020). Given the relationship between financial strategies and organizational performance (Boso et al., 2017), it becomes imperative to gain a deep understanding of the financial strategies in SMEs. SMEs make up over 90% of firms operating in Nigeria and contribute about 55% of the country's gross domestic product (Akinbola et al., 2019; Offiong et al., 2019). Experts view SMEs as a dynamic engine for the overall economic growth, employment generation, wealth creation and distribution, as well as a key means for the alleviation of poverty in sub-Saharan Africa, in general, and, more specifically, in the most populous country in Africa, Nigeria (Bello et al., 2018). The failures of SMEs affect local economies (Abe, 2015). SMEs are categorized according to certain factors like the number of employees, annual turnover, and balance sheet strength (Svatošová, 2017).

The general problem is that 80% of SMEs in Nigeria fail to survive beyond their fifth anniversary and the failure of these businesses leads to unemployment, loss of revenue to the government, and poor economic conditions (Gumel, 2019). The specific problem is that SME owners in Abia, Nigeria, do not have an in-depth understanding of the financial strategy required for the long-term performance and growth of their enterprise (Singh et al., 2016). There is a dearth of literature from which SMEs owners can obtain information to understand the necessary financial strategies for sustainability of their enterprises in Nigeria (OECD, 2017; Svatošová, 2019; Uchechara, 2017). This study could strengthen SME owners' understanding of the financial strategies deemed necessary for the long-term performance and growth of their enterprises in Abia State, Nigeria. The research could generate insight into an area that is not well known; thus, it may lead to further studies. The findings may contribute relevant knowledge that enhances SME owners' capability to grow their enterprises for long-term performance and value creation to the larger Nigerian economy, thereby contributing to positive social change.

2.0 Literature Review

The purpose of this qualitative, multiple case study was to explore SME owners' understanding of the financial strategies deemed necessary for the long-term performance and growth of their enterprises in Abia State, Nigeria. Economies with financial knowledgeable and skillful SMEs owners have higher stability, technological innovation, increased employment, and income distribution (Dutta & Banerjee, 2018). At present, there is limited literature on the relevant financial strategies of SMEs (Svatošová, 2017). Most researchers have focused on large corporations (Chiz et al., 2019; Nosach & Liebiedieva, 2018) and some used a quantitative approach (Svatošová, 2017). In reviewing the literature, we found no in-depth study conducted in Nigeria. We conducted this study to address the gap in the literature.

2.1 Financial Strategies in SMEs

Notwithstanding the plethora of research in the literature on the phenomenon of financial strategies and their implications for organizational performance in large firms (Samorodov et al., 2019; Zhou et al., 2020; Zimon, 2020) financial strategies in small- and medium-sized firms remains relatively an under researched area of inquiry (OECD, 2017; Uchechara, 2017). It is an under researched area because of the misconception that SMEs are miniature varieties of large enterprises (Darcy et al., 2014; Carson, 1990). However, Upneja et al. (2000) examined the differences that exist in the financial characteristics of small and large firms in the rapidly expanding casino industry. The authors adopted an examination of financial ratios of fifty casino firms within the fiscal year of 1995 in determining the differences that exist between small and large firms. The firms were grouped into small and large classifications per the median value of sample firms' total asset size. Upneja et al. (2000), in testing the financial characteristics differences of the small and large firms used Wilcox Rank Sum Test, which is a non-parametric test. It is documented from the study that smaller firms show higher liquidity and short-term debt ratios, while the larger firms show a higher proportion of long-term and total debt from the analysis. It is further observed that larger firms are more profitable; even though the large firms show no advantage of economies of scale as they possess lower efficiency ratios. Ibrahim and Shariff (2016) in a recent study suggest that SMEs owners need to use their strategic activities to secure finance for the sustainability of their enterprise.

Ekwueme and Nwosu (2020) argued that SMEs' leaders that are successful performance develop effective financial strategies with corrective actions as a response to variances. This is supported by Attom (2016), who examined working capital management as a financial strategy to improve the profitability and growth of MSMEs operating in the central region of Ghana. The study ascertained how the management of working capital of SMEs can be utilized as a financial strategy for enhancing the profitability and sustainability of such entities, with a focus on major business organizations operating within the central region of Ghana. The paper employed survey results of working capital management practices extracted from 214 SMEs businesses that operate within eight (8) major towns in the Region of Central Ghana, with noticeable thriving business operations. This study revealed that the most of the respondents which constitute about 78% of the sample did not practice the required management of working capital standards. Attom upheld the deficiency in working capital management as the major reason why many SMEs experience constant challenges in liquidity, and such often leads to failure of SMEs within their early years of commencement of operation.

This paper is an extension of existing literature on financial strategies for sustaining SME operation to relevant years and brings to light the need to put in place short-term financial management practices that facilitate improvement in profitability, liquidity management, and the relevant business growth that helps in the sustainability of these SMEs. The scope of the study is basically within the central region of Ghana but can be tested in other areas of sub-Saharan Africa as developing economies. The implication of this study stressed the daily practices of sound financial management that bring long-term impact in terms of SME sustainability. This entails that SMEs need to formulate and implement a well-tested working capital management policy that will stand as a guiding light to transform their short-term financial goals, and facilitate growth for SMEs' sustainability. Further studies can include long terms elements like a

loan in terms of cost of debt, and also employ inter-sector comparison of the study. Also, other financial strategies like debt-equity structure management can be researched.

Karadag (2015) presented the central role of financial management by identifying the practices and challenges of financial management that affect the organizational performance of SMEs in Turkey, and this is approached from the perspective of strategic management. This study is conducted by using the practices on organizational performance, as a base, and presenting a conceptual model as an approach of viewing financial conduct in SMEs. This is achieved by pinpointing the “strategic” practices of management as obtainable in the Turkish business environment and employing discussion on the interrelationship and the impact of these practices on organizational performance.

Studies in the field of SMEs finance are relatively a developing research area within the Turkish area, hence this paper stands as a significant contribution to existing literature. However, no strategy is permanent as the business environment itself is dynamic. The study implies further discussion on diverse areas of strategic management of SMEs. The conceptual framework developed has the potential of influencing future empirical research in testing the impact of strategic financial management practices on relevant indicators of SMEs' performance like growth and profitability. The implications extend to major practices affecting financial management conduct, and which vary from one context to the other, therefore other interesting areas may be to investigate the variance of the strategic management practices among SMEs operating in various contexts, also for larger organizations.

Bilal et al. (2017) did a comparative analysis of the relevant short and long-term financial strategies to enhance the performance of SMEs in the emerging markets. They used a resource-based theoretic approach to investigate the mediating impact of distinctive management competencies (DMCs) between efficient financial strategies and the business growth of SMEs. This study is done by collecting data from a cross-industrial panel of 273 SMEs and 224 from Spain and Pakistan respectively and which cut across all manufacturing sectors from the recorded period ranging from 2006 to 2013, thereby conducting multivariate tests to examine the influence of efficient financial strategies on the performance of SMEs. In testing the mediation confirmation of DMCs the authors used the advanced mediation version of Kenny and Judd (2013), and for robustness examination, they adopted the Sobel test. The result of the robustness test on 497 SMEs shows that practicing efficient financial strategies has a significant impact on the performance of SMEs. Also, the mediating effect of DMCs is a result of prudent financial decisions of the executive as traceable to both countries.

2.1.1 Relevance to Corporate Finance Management

Though the study by Bilal et al. (2017) is relevant in corporate finance management, however, it is a departure from previous studies as stressed that the strength of distinctive managerial decisions is a relevant factor in the process of employment as apart from the efficient financial strategies. This paper ignites a new theoretical explanation by fathoming the mediating role of DMCs in translating efficient financial strategies into improved performance of SMEs and serves as a supplement to extant theories. The result of this study is of great significance to organizational owner-managers and other key stakeholders like financial analysts, policymakers, and investors for effective strategies in reducing incidences of business failure rather than

invigorating SMEs' survival and growth.

SMEs are encumbered with varying characteristic risks which cut short their survival (Uchechara, 2017). Some researchers argued that implementing good strategies will enhance the attractive nature of SMEs in transition and developing countries to foreign investors, who will, in turn, improve the capacity of the firms (Boshkov, 2017; Otola, 2011; Trollman, 2018). Boshkov (2017) examined the contribution of developing financial strategies that could aid in strengthening the beneficial disposition of the SMEs in the economy. He used the statistical package for the social science (SPSS) software to process data collected for the study, and by involving a self-administered questionnaire distributed to 62 companies' managers and employees resident in Macedonia to examine the behavior of SMEs managers' attitudes on the influence of business strategies on the intended financial strategy, as conducted in January 2016. The result shows that SMEs are confronted with difficulties of attracting international financing and in identifying opportunities with proper contact at the international target market, and more so because of exchange rate risk management.

2.1.2 Developing Suitable Financial Strategies

Svatošová (2017) examined the relevance of developing a suitable financial strategy that will sustain SMEs by specifically identifying the current practices in the winery industry thereby proposing a change that translates into a new financial strategy in the entire sector. The author undertook the study by collecting sample data of SMEs and using the Vensim program to model the financial strategy through simulation of this model in SMEs' business practices. The model is derived from previous studies on SMEs in verifying the adoption of the theoretically developed model in SMEs and to find the optimal financial strategy in the sector being examined. Svatošová (2017) observed that the sampled SMEs adopt mainly the maximum liquidity financial strategy (conservative strategy) for the period of 2010 to 2014 as observed in this study.

This study entails that sampled SMEs do not adopt progressive investment strategies with a propensity for further development. The research is an extension of literature on the SME sector, and the results of this study represented the preliminary studies on the field of financial management in the agricultural sector of Czech. However, the sample was from the agricultural sector with its seasonal dispositions, and which is not spread representative of the SMEs sector in Czech and is not for trading companies in the capital market. Also, the method used for determining the cost of equity and cost of capital poses a limitation. The result might be different if other segments of the sector are studied. The implication of this study highlights the fact that SMEs in the agricultural segment do not use the financial strategy and associated corporate strategy tilted on further business development. The model could be relevant for enhancing theoretical knowledge in the area of financial management.

3.0 Methodology

As my study's focus was on exploring financial strategies required for SME owners in Abia, Nigeria, for long-term performance and growth of their enterprise, we concluded that a multiple case study design would allow us to obtain and interpret the descriptive information needed to answer the RQ. We recruited 6 SME owners consisting of three participants each in the following industries: (a) manufacturing, and (b) trading and hotel. We obtained data from semi-structured interviews, observational field notes, and peer-reviewed scholarly papers until data saturation

Table 1 - Examples of Data Extracts and Codes from Interview Question 1

	Data Extracts	Codes	Categories
P 1	“Having created a business line through sound innovation, we were lucky to be funded through grants from government and financial supports from family and friends. I have to establish a good accounting system”	Funding /Grants Financial supports from family, Good accounting system	Grant funding Savings Family and friends Good accounting records
P 2	“I started my business through my savings, and I have also funded my business through soft loans from family and friends and credit facilities from my suppliers”	Savings, soft loans Credit facilities	Personal Savings Family & friends Support Credit facilities
P 3	“I used my savings to commence the business and the profits are reinvested years after to build, in addition to the credit facilities I enjoy from suppliers. I show loyalty to my suppliers”	Financing from savings, profit reinvestment. Credit facilities, loyalty	Personal savings Profit reinvestment Credit facility
P 4	“I started this business with personal savings and support from my mother and my brother, though very small with consistency in managing my finance and credit support from my suppliers I have grown over time. I reduce my level of debtors. I hardly sell on credit.”	Finance from family, financial management consistency. Credit facility. No receivables.	Savings Family & friend’s support Credit facility Receivables management Financial management
P 5	“I started the business through savings, supported through loans from a microfinance bank. I also make use of credit facilities to expand.”	Savings, Microfinance bank loan Credit facilities	Savings Bank Loan Credit facilities
P 6	“Having started with longtime savings, and as for financial strategies, I make use of market leverage technology, social media, guest rewarding, business partnership, email marketing, and guest feedback.”	Savings Technology Business partnership, Guest rewarding.	Savings Business partnership Technology Guest rewarding

Table 2 - Examples of Data Extracts and Codes from Interview Question 2

	Data Extracts	Codes	Categories
--	---------------	-------	------------

P 1	“The various financial infusions at various times within the years helped us in growth. With a planned goal I reinvest my profit”	Various financial infusions/crowd funding Planned financial goal Reinvest profit	Planned financial goal Reinvest profit
P 2	“I have been trained to forecast and plowback my profit for assets replacement and production expansion and growth. ”	Trained to plowback profit Asset’s replacement Production expansion & growth.	Forecast/planning Reinvest earnings Asset’s replacement
P 3	“With the proper financial plan, I received a loan from micro bank, apart from my savings which helped me to increase capacity, production and participate in the market. The bank supervises my cash management as every income pass through the bank”	Planning Loan/Microfinance Increase capacity, Production, Market. Bank supervision of cash	Financial planning Loan from bank Expert outsourcing
P 4	“Business is a learning process, I was able to grow and survive financially by ensuring a very little debt over to the next fiscal cycle, planning that result in sound financial decisions, thereby limiting my expenses, constant reinvestment of earnings back into the business, and ensuring that the overhead costs are low.	Low debt Planning Expense limitation Earnings reinvestment Low overhead cost	Planning Focus on strategic financial practices Reinvest earnings
P 5	“Apart from innovative ideas, one of the strategies I can say helped in my growth is by maintaining constant cashflow to pay my suppliers while reducing the level of receivables. You must sit down to plan the process.”	Innovative ideas Constant cashflow Reducing debts Integrity/loyalty Credit facility	Innovativeness Cashflow management Planning
P 6	“There is need to understand the market, segmentation and optimization of price, working in harmony with all my departments, planning right price strategy, relevant incentives to customers to buy their loyalty, and mobile optimization focus.”	Understand the market, Departmental harmony, Segmentation/Price optimization Customers’ incentives, Planning price strategy, Mobile optimization	Entrepreneurial resilience Planning Technology

Table 3 - Examples of Data Extracts and Codes from Interview Question 3

	Data Extracts	Codes	Categories
P 1	“Since 2012 we introduced an investment program where we offer our investors dividends of 5% monthly on fixed investment capital. I have been able to pull 23 million Naira and steadily maintained return on investment to our investors”	Investment program Strategic financing	Strategic financial practices
P 2	“Effective financial management with long time view is fundamental in driving organizations. “	Financial management with long-term view.	Strategic financial practices
P 3	“To grow an organization is nonroutine, you need to be dynamic and strategic in view because the business environment is ever-changing.”	Grow organization Dynamism strategic	Entrepreneurial skills Strategic management
P 4	“In this our business you need to have enough money and be able to manage your cash well and know when to invest.”	Enough money Cashflow management Investment knowledge	Strategic financial practices
P 5	“In this competitive sector, it is good to have a strategic plan that keeps you in the growth path and maintaining customer satisfaction.”	Competitive stance Strategic plan Customer satisfaction	Competitive advantage
P 6	“One should be able to monitor financial position, ensure customers pay on time, update accounting records, control stock, and proactive cash flow management.”	Monitor financial postion, update accounting records, control stock, & proactive cash flow management.	Strategic financial practices

Table 4 - Categories, Frequencies, and Themes

	Categories	Frequency	Themes
Interview Question 1	Personal savings	6/6	- Using available financing options - Entrench strategic financial practices
	Family and friends	5/6	
	Loans from micro bank	4/6	
	Grants	3/6	
	Credit facilities/suppliers’ credit	5/6	
	Liquidity management	4/6	

Interview Question 2	Planning Earnings reinvestment Technology	5/6 4/6 5/6	Adopt effective long-term financial planning Entrench strategic financial practices Take advantage of technology
Interview Question 3	Strategic financial practices Entrepreneurial skills Technology	6/6 5/6 5/6	Entrench strategic financial practices Entrepreneurial resilience Take advantage of technology

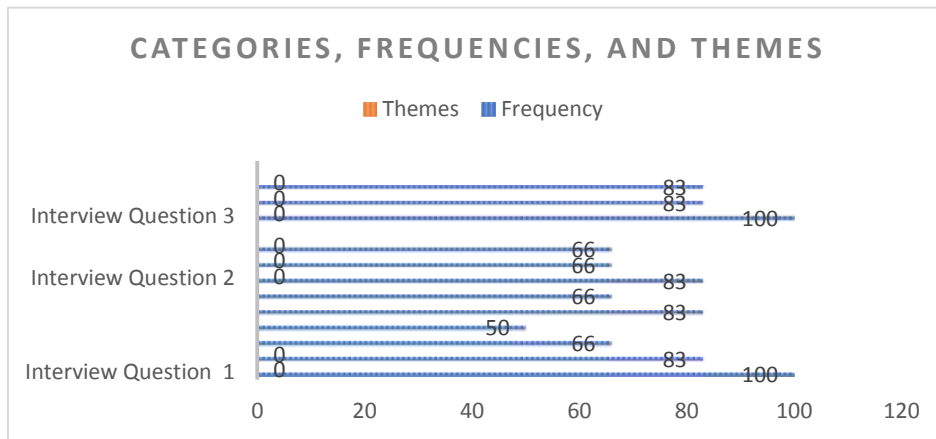


Chart 2 - Categories, Frequencies, and Themes

4.0 Discussion

We designed the qualitative multiple-case study to provide a rigorous way of understanding the nature of financial strategies in Nigerian SMEs. The main RQ for this study was, what are the financial strategies used by SMEs owners in Abia State, Nigeria, for the long-term performance and growth of their enterprise? The conceptual framework for this study was based on Porter’s model of competitive strategy and entrepreneurship theory. By conducting detailed interviews with six SME owner-managers, we obtained in-depth descriptions of their strategic financial experiences in managing their various organizations.

In analyzing the data from this study, we looked out how the emerging categories and themes aligned with Porter’s model of competitive strategy and entrepreneurship theory used in the conceptual framework, and how the themes provided answers to the RQ. As a theory-building study, WEe also sought for similarities in categories and themes that were used for pattern-matching (Yin, 2017), and differences across the cases that can be sued for theoretical replications in future research. After using NVivo for organizing the data, we used a laborious and time-consuming manual coding technique to ensure that every segment of data was considered in determining the emerging categories and themes that we found to be relevant to the RQ. The data analysis took into consideration all data obtained from the study including

transcribed interviews, field notes, and researcher's observations/reflections. We used the field notes and observations to reflect on participants' responses during the within-case and cross-case data analysis.

4.1 Emergence of Theme

A total of five themes emerged from the thematic analysis of data. These themes include: (a) using available financing options, (b) entrenching strategic financial practices, (c) adopting effective long-term financial planning, (d) embracing entrepreneurial resilience, and (e) taking advantage of technology. Theme 1 emanated from interview question 1; theme 2 from interview question 1, 2, & 3; theme 3 from questions 2; theme 4 from questions 3; theme 5 emanated from question 2 & 3. In the rest of this section, I described the emerging themes and provided examples of specific participants' quotes that support these themes.

4.1.1 Use Available Financing Options

Six of the participants representing 100% mentioned the options of financing of their SMEs which led to three minor themes: (a) startup financing (bootstrapping); (b) financing strategies for growth in the first 5 years; and (c) financing strategies for long term performance. Following entrepreneurship theory, access to capital and relevant financial resources to begin and sustain the business for the long term is critical for entrepreneurs (Thompson, et al. 2020). The emerging minor themes were derived from the discussions by the participants on how they acquired initial financing, how they grow their businesses during the first 5 years, and how they have sustained the organization for long-term performance. Many options of financing SMEs abound like: Equity (personal savings and retained earnings); Venture capital (angel investor and crowd funding); Grants (grant windows on health, education, and technology; result-based financing); Reward-based crowd funding (for community businesses); Debt (Bank loan and leasing assets without ownership rights); Venture debt and bridge finance (debt financing to back SMEs with established prospect for growth but lack profitability, as a bridge financing in terms of supplier's credit and platform and secularization); and Enabling tools (matching funding and guarantees by the third party) (Fadil & St-Pierre, 2021; Kent Baker, et al. 2020; Lin, et al. 2020).

The planning on their financial strategies is embedded in the long-term goal of sustainability of the business of SMEs owner-managers. Also, P2 is quoted to have mentioned that "effective financial management with long time view is fundamental in driving organizations. "

4.1.2 Entrench Strategic Financial Practices

The theme of entrenching strategic financial practices has a dominant emergent across the questions and from all participants. They concurred that strategic financial practice is crucial for SME owners as an adequate financial skill needed for business sustainability in Abia State. Svatošová (2017;2019) documented the key financial components of the financial strategy to be related to the typical policies of finance: (a) investment policy which focus on the advancement of efficient economic investment on projects, (b) financing policy (which could be external and internal) of the business pursuits, policy relating the management of the assets and liabilities (credit policy), (c) inventory management policy (stocks and work in progress),(d) cash flow and

liquidity management policy, (e) operating result management policy, (f) cost control and profit policy. Some of the significant strategic financial practices by SME Owner managers include its policy regarding liquidity, cash flow management, and cost reduction, and these are effective tools for SMEs' performance and sustainability (Bilal et al., 2017; Zimon, 2020).

For example, P2 mentioned that, the policy on investment as a veritable practice is stressed by three of the participants representing 60%. Policy on Investment is a crucial facet of the financial strategy of any enterprise (Liu, et al. 2019; Wonglimpiyarat, 2016). It is mentioned by P1 that, “Since 2012 we introduced an investment program where we offer our investors dividends of 5% monthly on fixed investment capital. I have been able to pull 23 million Naira and steadily maintained return on investment to our investors” By adopting a niche financial strategy, SMEs can overcome some of the challenges that they might face and thereby improving performance and sustainability.

4.1.3 Adopt Effective Long-Term Financial Planning

The theme of effective long-term financial planning resulted from an analysis and interpretation of the data collected from the semi-structured interview question and document review. In question 2, five participants representing 83.33% mentioned that adoption of effective financial planning with a long-term perspective is needed for an SME owner-manager for a financial strategic drive for business sustainability in Abia state. Strategic financial planning is a means for monitoring dynamic changes in the business and appropriately reacting to the situation to maintain stable operations (Hussaini, 2019). Financial planning involves the setting of short-, medium-, and long-term financial goals for the organization which could be useful in performance and sustainability. P2 and P3 mentioned the application of relevant planning to increase expansion and growth.

4.1.4 Embrace Entrepreneurial Resilience

The emergent theme of entrepreneurial resilience resulted from an analysis and interpretation of the data collected from the semi-structured interview question and document review. Six of the participants representing 100% mentioned that embracing the resilience required of an entrepreneur is needed for an SME owner as a financial strategy skill needed for business sustainability in Abia State. An entrepreneur manages a business for profit and growth in risky conditions with a strong drive for innovation (Santoro et al., 2020). And resilience entails the characteristic capacity of the entrepreneur or the firm to be robust in responding quickly or fast recovery by developing strategic ways of doing business under adverse external and internal environments. The response of P3, that “business is a risk and challenges, and I keep venturing into new opportunities, even if it needs training, I go for it” exemplifies the venture disposition in acquiring requisite education which enhances financial strategies for business performance and sustainability.

SME contribution is significantly driven by developing new products that offer the opportunity to innovate quickly and in a cost-effective manner (Singh et al., 2019). The entrepreneurial resilience characteristic is also making use of the available opportunity to maximize profit. The responses that resulted in the theme shows capabilities associated with

strategic readiness or competitive or environmental dynamics to succeed.

4.1.5 Take Advantage of Technology

The emergent theme of taking advantage of technology resulted from an analysis and interpretation of the data collected from the semi-structured interview question, and document review. Five of the participants representing 83.33% mentioned that taking advantage of technology and financial management software was needed for an SME owner to be adequately prepared for financial strategy skills needed for business sustainability in Abia State. Orobia et al. (2020) documented in a recent study that finance and IT infrastructure are significant predictors of the sustainability of business enterprises. Most of the participants mentioned the adoption of software as a key decision that enhanced the financial strategic skills and gave the organization edge over other competitors in the system.

The participants mentioned that the use of technological machines like the point of sales devices and CCTV has ameliorated the incidence of pilfering and account manipulation thereby improving the relevant financial documentation. Introducing technological devices and software has helped in the SME owner's participation in the day-to-day running of the business, as the business can be monitored from every part of the globe, thereby enhancing financial strategic skills for business sustainability. By taking advantage of technology, the owners of SMEs can reduce the disparity between their businesses and the larger firms as its use helps reduce costs and reach larger markets, hence, ease of doing business.

4.2 Interpretation

The thematic analysis of resulted in five themes that explained the financial strategies of SME owner-managers in the sector being studied as outlined earlier. These five themes formed the basis for interpreting the findings from this study. In the rest of this chapter, we present our interpretation of findings from the study; consider the implications and recommendations for policy development and practice.

Most of the findings from this study confirm or extend the existing knowledge in the literature regarding financial strategies in SMEs. Financial strategy is the most critical factor in the performance and sustainability of an organization (Svatošová, 2019, 2017). Financial strategy involves the options adopted by a firm in raising finance most effectively, the process adopted in the application of the raised finance within the firm, and the associated management decisions in terms of reinvesting or distribution of any subsequent earnings generated during business operation. Financial strategy is not only about funding goals; a more comprehensive focus includes strategic financial management practices. This assertion is supported by Karadag (2015), who argued that, of all the elements of strategic financial management practices, namely strategic financial planning, strategic working capital management, strategic fixed-asset management, and strategic financial reporting and control practices, and other emerging financial management practices would lead to better performance results. Likewise, Karadag found that SME owner-managers in Turkey did not faithfully follow any specific financial strategy. My findings on financial strategies in Nigerian SMEs show that SME owner-managers do not follow any specific financial strategy. The participants exhibited diverse practices of financial strategies,

with most of them tilted to dynamic financial strategy to grow the business, which is different from findings of Svatošová (2019) that show conservative strategy in the field of financial management in the agricultural sector of the Czech Republic.

5.0 Conclusion, and Recommendation

The purpose of this multiple-case study was to gain an in-depth understanding of specific knowledge gaps among SME owners and managers in Nigeria regarding financial strategies and their implications on their enterprises' long-term sustainability, with a consideration on the manufacturing, and trading sectors of the economy. Qualitative approach was adopted in alignment with the RQ. This study has provided insights into the nature of financial strategies in Nigerian SMEs, especially, tilting towards the education, accounting, and consulting sectors. We found from this study that Nigerian SME owner-managers do not conscientiously adopt any specific financial strategy. This research has also cast doubts on the knowledge-ability of the Nigerian SME owner-managers regarding the phenomenon of financial strategy and its implications for enterprise growth and the long-term sustainability of their enterprises. This study was exploratory, and the findings provided opportunities for both qualitative replication and quantitative validation in future research.

5.1 Recommendation

Based on the findings of this study, we recommend the inclusion of basic SMEs financial management in the education curriculum. The contribution of the SME sector is huge as a veritable engine for economic development and generating employment. The basic financial management module should be included in the secondary school curriculum, and general study skills (GSS) of tertiary institutions of the Nigerian education system. The designed program on finance management should be incorporated with computer appreciation to enhance the use of software in the management of the business. The introduction of this basic knowledge will help in equipping students to be prepared and business mind readiness upon graduation, thereby strengthening job creation and poverty alleviation. The participants mentioned their challenges in the management of finance and keeping financial records, and some others by acquiring relevant training in business and associated finance studies they were able to start-up businesses and manage same to be self-employed, and self-sufficient in running their SMEs.

Another recommendation is the provision of basic infrastructure and a business-friendly environment. The three tiers of government namely federal, state, and local have a critical responsibility to ensure the security and welfare of SMEs by the provision of basic infrastructure and financial support. In consideration of response from participants regarding the challenges of SME owners, the provision of public goods and services by the government supports the SMEs' business. These supports can come in form of business-friendly policies and environments that encourage SME owners. Though SMEDAN has been established their impact needs to be more proactive (Uchechara, 2017). Education awareness programs and seminars where SME owners could share their knowledge and financing options offered by the bank to display different loan products available in the market. Government should provide information regarding formal business training, technology, tax holidays as well as appropriate access to financing of SMEs (Ajibade & Murtula, 2020). SMEs contribute significantly to the development of families,

communities, and the entire economy (Adekola et al., 2018), It is therefore crucial for the government to play its role in nurturing and maintaining entrepreneurship among the owners of business in Nigeria.

Finally we recommended that the companies change the current strategy into a balanced financial strategy that is embedded in higher profitability focus which could be tenable for further expansion of the company. This study can be extended to other sectors and a veritable tool for financial decision-making by business managers or owners in terms of financial planning and identifying optimal financial strategy.

References

- Abe, M. (2015). SME participation in global value chains: Challenges and opportunities. In Integrating SMEs into global value chains: Challenges and policy actions in Asia (pp. 27-65). Asian Development Bank and Asian Development Bank Institute. <https://www.adb.org/http://hdl.handle.net/11540/5240>
- Adekola, M.J. N., Lekan, O.K., & Braide, S.E. (2018). Bank Financing for Small and Medium Enterprises in Nigeria: Mudharabah Vs Usury. *Acta Universitatis Danubius. Economica*, 14(3), 23-32. <http://journals.univ-danubius.ro/index.php/oeconomica/article/view/4549>
- Ajibade, P. & Stephen M. Mutula. (2020). Promoting SMEs effectiveness through innovative communication strategies and business-IT alignment. *Problems and Perspectives in Management*, 18(3), 233–244. [http://doi.org/10.21511/ppm.18\(3\).2020.20](http://doi.org/10.21511/ppm.18(3).2020.20)
- Akinbola, O.A., Sanni, S.A. & Akinbola, O.S. (2019). Entrepreneurship support agencies (ESA) and development of small and medium enterprises (SMEs) in Nigeria. *ACTA VŠFS*, 13(1), 29-43. <https://ideas.repec.org>
- Attom, B. E. (2016). Working capital management as a financial strategy to improve profitability and growth of micro and small-scale enterprises (MSES) operating in the central region of Ghana. *CLEAR International Journal of Research in Commerce & Management*, 7(7), 42–50. <http://ijrcm.org.in/>
- Bello, A., Jibir, A., & Ahmed, I. (2018). Impact of small and medium scale enterprises on economic growth: Evidence from Nigeria. *Global Journal of Economics and Business*, 4(2), 236-244. <https://doi.org/10.1108/GJRB-2017-0015>
- Bilal, A.R., Naveed, M., & Anwar, F. (2017). Linking distinctive management competencies to SMEs' growth decisions. *Studies in Economics and Finance*, 34(3), 302–330. <https://doi.org/10.1108/SEF-10-2015-0236>
- Boshkov, T. (2017). Creating successful management through risk exposure detection and access to finance of the company. *Quality - Access to Success*, 18(156), 116- 118. <https://www.srac.ro>

- Boso, N., Danso, A., Leonidou, C., Uddin, M., Adeola, O., & Hultman, M. (2017). Does financial resource slack drive sustainability expenditure in developing economy small and medium-sized enterprises? *Journal of Business Research*, 80, 247–256. <https://doi.org/10.1177/JBR-2016-0012>
- Chiz, L., Khotyeyeva, N., & Zadorozna, N. (2019). The basis of port enterprise financial strategy. *Tehnologičnij Audit Ta RezerviVirobnictva*, 5(4(49)), 18–25. <https://doi.org/10.15587/2312-8372.2019.181144>
- Darcy, C. Hill, J. McCabe, T., & McGovern, P. (2014). A consideration of organizational sustainability in the SME context: A resource-based view and composite model. *European Journal of Training and Development*, 38(5), 398–414. <https://doi.org/10.1108/EJTD-10-2013-0108>
- Dutta, A., & Banerjee, S. (2018). Does microfinance impede sustainable entrepreneurial initiatives among women borrowers? Evidence from rural Bangladesh. *Journal of Rural Studies*, 60, 70-81. <https://doi.org/10.1016/j.jrurstud.2018.03.007>
- Ekwueme, W. & Nwosu, F. (2020). Microfinancing alternatives for small and medium sized enterprises. *Journal of Functional Education*, 3(6), 107-127. <https://doi.org/10.13140/RG.2.2.12194.25282>
- Fadil, N. & St-Pierre, J. (2021). Growing SMEs and internal financing: the role of business practices. *Journal of Small Business and Enterprise Development*, 28(7), 973–994. <https://doi.org/10.1108/JSBED-11-2019-0375>
- Gumel, B.I. (2019). Mitigating the challenges of small and medium enterprises in Nigeria *Science Journal of Management*,2(3), 82-99. <https://doi.org/10.33215/sjom.v2i3.219>
- Hussaini, A. N. (2019). Organizational management through strategic planning and financial practices: An empirical assessment from business firms of Kuwait. *Management Science Letters*, 9(5), 713-726. <https://doi.org/10.5267/j.msl.2019.2.001>
- Ibrahim, M. A., & Shariff, M. N. M. (2016). Mediating role of access to finance on the relationship between strategic orientation attributes and SMEs performance in Nigeria. *International Journal of Business & Society*, 17(3), 473–496. www.uum.edu.my
- Ikpor, R., Nnabu, B. E. & Obaji, S. I. (2017). Bank lending to small and medium scale enterprises and its implication on economic growth in Nigeria. *Journal of Humanities and Social Science*, 2(12), 14- 28. <https://doi.org/10.9790/0837221205142>
- Karadag, H. (2015). Financial management challenges in small and medium-sized enterprises: A Strategic Management Approach. *EMAJ: Emerging Markets Journal*, 5(1), 26–40. <https://doi.org/10.5195/emaj.2015.67>
- Kent Baker, H., Kumar, S., & Rao, P. (2020). Financing preferences and practices of Indian SMEs. *Global Finance Journal*, 43. <https://doi.org/10.1016/j.gfj.2017.10.003>

- Lin, M. S., Song, H. J., Sharma, A., & Lee, S. (2020). Formal and informal SME financing in the restaurant industry: The impact of macroenvironment. *Journal of Hospitality and Tourism Management*, 45, 276–284. <https://doi.org/10.1016/j.jhtm.2020.08.017>.
- Liu, L., Huang, Y. & Zhan, X. (2019). The evolution of collective strategies in SMEs' innovation: A tripartite game analysis and application. *Complexity*, 1–15. <https://doi.org/10.1155/2019/9190273>
- Nosach, I. V., & Liebiedieva, D. O. (2018). The essence and role of the financial strategy of national enterprises. *Biznes Inform*, 11(490), 409-413. <https://doi.org/10.1177/05559901115>
- Ogilvie, J. (2009). *Financial strategy*. Lima Publishing.
- Offiong, M. I., Udoka, C.O., & Bassey, J.G. (2019). Financial risk and performance of small and medium enterprises in Nigeria. *Investment Management & Financial Innovations*, 16(4), 110-122 . [https://doi.org/10.21511/imfi.16\(4\).2019.10](https://doi.org/10.21511/imfi.16(4).2019.10)
- Organisation for Economic Co-operation and Development. (2018a). *Financing SMEs and Entrepreneurs 2018: An OECD Scoreboard*. OECD Publishing. www.oecd.org
- Orobia, L.A., Tusiime, I., Mwesigwa, R., & Sekiziyiv, B. (2020). Entrepreneurial framework conditions and business sustainability among the youth and women entrepreneurs. *Asia Pacific Journal of Innovation and Entrepreneurship*, 14(1), 60–75. <https://doi.org/10.1108/APJIE-07-2019-0059>
- Otola I. *Financial Strategies of Company*. In: Grabowska M, editor. *Equity Management. Strategy and Control*. WydawnictwoWZPCzest, Czestochowa; 2010. p.7-30.
- Patton, M. Q. (2015). *Qualitative research & evaluation methods: Integrating theory and practice* (4th ed.). Sage.
- Samorodov, B., Azarenkova, G., Golovko, O., Oryekhova, K., & Babenko, M. (2019). Financial stability management in banks: strategy maps. *Banks and Bank Systems*, 14(4), 10–21. [https://doi.org/10.21511/bbs.14\(4\).2019.02](https://doi.org/10.21511/bbs.14(4).2019.02)
- Santoro, G., Bertoldi, B., Giachino, C., & Canelo, E. (2020). Exploring the relationship between entrepreneurial resilience and success: The moderating role of stakeholders' engagement. *Journal of Business Research*, 119, 142–150. <https://doi.org/10.1016/j.jbusres.2018.11.052>
- Singh, S. K., Chen, J., Del Giudice, M., & El-Kassar, A.-N. (2019). Environmental ethics, environmental performance, and competitive advantage: Role of environmental training. *Technological Forecasting & Social Change*, 146, 203–211. <https://doi.org/10.1016/j.techfore.2019.05.032>
- Small and Medium Enterprise Development Agency of Nigeria. (2017). *SMEDAN and national bureau of statistics collaborative survey: Selected findings 2017*. Abuja: National Bureau of Statistics. Retrieved from <http://nigerianstat.gov.ng>

- Svatošová, V. (2017). Identification of financial strategy in small and medium sized entrepreneurship. *Journal of Education and Training*, 4, 14- 35. <https://doi.org/10.1118/actaun.201765041435>
- Svatošová, V. (2019). Proposal and Simulation of Dynamic Financial Strategy Model. *Future Studies Research Journal: Trends & Strategies*, 11(1), 84–101. <https://doi.org/10.24023/FutureJournal/2175-5825/2019.v11i1.346>
- Thompson, N. A., Verduijn, K., & Gartner, W. B. (2020). Entrepreneurship-as-practice: grounding contemporary theories of practice into entrepreneurship studies. *Entrepreneurship & Regional Development*, 32(3/4), 247-256. <https://doi.org/10.1080/08985626.2019.1641978>
- Trollman, H. (2018). A novel approach to assessing manufacturer progress toward sustainability, *Procedia CIRP*, 78, 370-375. doi:10.1016/j.procir.2018.08.303.
- Uchehara, C. C. (2017). Ex-raying operations of small medium scale enterprises (SMEs) in Nigeria business environment: The challenges. *European Journal of Economic and Financial Research*, 2(1), 1-20. <https://doi.org/10.5281/zenodo.255799>
- Upneja, A., Kim, H., & Singh, A. (2000). Differences in financial characteristics between small and large firms: An empirical examination of the casino industry. *Journal of Hospitality Financial Management*, 8(1), 23. <https://doi.org/10.1080/10913211.2000.10653733>
- Wonglimpiyarat, J. (2016). Challenges for China's banks: Investment policies to support technology-based start-ups. *Technology in Society*, 46, 49–57. <https://doi.org/10.1016/j.techsoc.2016.05.002>
- World Bank. (2015). Small and medium enterprises (SMEs) finance. <http://www.worldbank.org>
- Yin, R. K. (2017). Case study research and applications: Design and methods (6th ed.). Sage Publications
- Zamawe, F. C. (2015). The implication of using NVivo software in qualitative data analysis: Evidence-based reflections. *Malawi Medical Journal*, 27, 13-15. <https://doi.org/10.4314/mmj.v27i1.4>
- Zhou, J., Li, K.W., Baležentis, T., & Streimikiene, D. (2020). Pythagorean fuzzy combinative distance-based assessment with pure linguistic information and its application to financial strategies of multi-national companies. *Ekonomika Istraživanja*, 33(1), 974–998. <https://doi.org/10.1080/1331677X.2020.1736117>
- Zimon, G. (2020). Financial Liquidity Management Strategies in Polish Energy Companies. *International Journal of Energy Economics and Policy*, 10(3), 365–368. <https://doi.org/10.32479/ijeep.9150>