

Risk-Taking and Survival of Small and Medium Scale Enterprises (SMEs) in Lagos State, Nigeria

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ABSTRACT

This study set out to assess how SMEs in Lagos State rely on risk-taking to stay afloat. Specifically, the study attempted to find out how small and medium-sized enterprises (SMEs) in Lagos State fared when it came to how capitalizing on market possibilities and innovativeness correlated with SMEs' ability to remain in business. This study utilized a survey research design that combined explanatory and cross-sectional methodologies. The researchers designed a structured questionnaire and distributed it to 178 members of the National Association of Small-Scale Industrialists (NASSI), Lagos State chapter, who are owners of small and medium-sized enterprises (SMEs) to obtain relevant data for the study. Relying on a mix of descriptive and inferential statistics to analyze the data, regression and Pearson's moment correlation coefficient analyses were used to test stated hypotheses. The results indicate that small and medium-sized enterprises (SMEs) that took risks in Lagos State were more likely to survive. The researchers therefore recommended that, small business owners need to be flexible enough to respond quickly to shifting customer demands and prepared to invest more into new opportunities. Additionally, owners of SMEs should be less competitive and more aggressive when taking risks.

Keywords: innovation, market opportunities, risk-taking, SMES, survival

INTRODUCTION

Small and medium-sized enterprises (SMEs) have shown to be vital catalysts for economic expansion and advancement. It is widely acknowledged that the small-business sector plays a critical role in both economic growth and goal to eradicate poverty in nations (Wolfenson, 2021). They have been the mechanism, particularly in emerging nations, of achieving faster industrialization and economic growth. As firms who are labor-intensive and capital-efficient, SMEs have a great tendency to contribute to the creation of the majority of job opportunities required globally.

Apart from the fact that most SMEs make efforts to utilize locally available raw materials, SMEs are better positioned to increase employment, ensure equitable advancement of industry, and promote innovation. Undoubtedly, several countries around the globe, particularly those in developing nations, have recognized the crucial and important responsibilities that small and medium-sized enterprises (SMEs) perform in the notable decline in the depth of poverty and the improvement of people's standards of living (Obademi & Okpanem, 2020).

Despite the social and economic contributions of SMEs, there is the tendency that these firms may fail to achieve their objective due to the influence of risks. Risks are inevitable for every business that deals with uncertainty and it refers to the financial consequence of the possibility that the actual outcome will not match the positive anticipation, as risk is essentially related to the unpredictability of potential returns.

It is important to remember that, if managed properly, risks are not always catastrophic to firms. Depending on how knowledge is applied over time to convert accessible information about the loss exposure, risks can either be allowed to become challenges or turn into possible advantages. In the business world, taking planned, moderate risks is preferable than drastic, unmanageable ones (Adisa, Adeoye & Okunbanjo 2016). It describes an SME's propensity to make risky decisions, such as breaking into uncharted territory, investing a large amount of the company's resources in projects with questionable returns, or taking on a lot of debt (Taylor, 2019). Venturing into a new business requires huge tenacity to source for funds and other resources and ensuring that these resources are judiciously used in order to aid the growth and expansion of the new venture. Risk-taking, according to Adisa, et al. (2016), is acting audaciously by branching out into uncharted territory, obtaining funds to invest in endeavours with uncertain outcomes. It is the preparedness and desire to commit funds, either internally or externally sources, to tap opportunities in the market while being exposed to uncertainties.

It has been noted that poor business conditions and banks' reluctance to provide this type of company with necessary credit facilities pose a threat to SMEs' ability to survive. A range of institutional, macroeconomic, and regulatory factors, including the fact that SMEs are vulnerable to loss exposures that impede their growth, might contribute to the overall banking system's predisposition against lending to them (Helbok & Wagner, 2016). It might seem logical to expect small businesses to develop and thrive despite the assistance and incentive programs offered to them, yet the barriers impacting their performance are the reason why the percentage of enterprise failure keeps rising. According to Akabueze (2018), these elements include the incapacity to control the risks connected to the enterprise.

The majority of small and medium-sized enterprises (SMEs) in Nigeria fail during the first five years of operation; a smaller proportion disappears between the sixth and tenth year; and barely five to ten percent endure, prosper, and reach maturity (Aremu & Adeyemi, 2019). Due to the fact that poorlabo management is frequently the cause of SMEs' drawbacks, this industry's activities becomes risky, and financial institutions may be hesitant to extend loans to it. According

to Suh (2020), SMEs are frequently passed over by financial institutions when they apply for loans as they are more affected by external forces and the business environment (Greene, 2014).

It is important to note, however, that limitations on working capital and raw materials are the main factors impeding the survival of SMEs in Nigeria. This is a result of SMEs' restricted access to financial markets, both domestically and globally. This is partly due to the perception of increased risk, informational obstacles, and the higher intermediation costs for smaller businesses. It is thought that companies with small asset bases are more affected by the uncertainty issue. Numerous operational hazards affect SMEs. This is primarily due to the fact that the majority of SMEs are family-run businesses with a sole proprietorship or partnership structure. According to Lorun (2014), SMEs are exposed to a variety of hazards and pure risks, such as personal risks resulting from the death or physical harm of employees while they are at work, property risks arising from damage to plants, machinery, or other assets used in the production process, liability risks transferring responsibility for other people's losses to the entrepreneurs, and risks arising from other people's failure, such as debtors, suppliers, and contractors, among others. These risks appear in ways that impair the performance, growth, and expansion of SMEs.

Many studies have been conducted on SMEs and their role in reducing poverty and promoting economic progress, but the risk factor for SMEs' survival and performance has received less attention. This perspective informs the study's investigation of the link between SMEs' survival and their tendencies to identify and tap opportunities, as well as its evaluation of the influence of creativity on SMEs' survival.

In common usage, the phrase "SMEs." does not denote anything specific. Ogechukwu (2011) and Henschel (2009) state that this is because there are no universally accepted measures for assessing them. These measures could include things like capital expenditure, workforce size, sales volume, fixed capital investment, availability of plant and machinery, market share, degree of development, and even language. The authors Ayaggari, (2003) and Beckley (1988) contend that the concept of small and medium-sized enterprises can vary depending on the author, the country, and the unique setting. In countries like the US, UK, and Canada, small firms are defined by their annual revenue and the number of employees who get paid (Ekpeyong & Nyang, 1992). One example is the British definition of a small business, which is an organization with less than 200 employees and yearly sales of less than two million pounds. In Japan, labor size, paid-in capital, and industry all have a role in determining the idea.

According to Sanusi (2004), the various contexts in which small and medium-sized firms (SMEs) operate in Nigeria necessitate a definition that is based on categories, as offered by the NBS and SMEDAN. Companies that employ between ten and forty-nine people and bring in twenty-five million to one billion Naira are considered small, according to these government authorities. Companies that employ between fifty and ninety-nine to ninety-naira and earn between ninety and ninety-naira are considered medium, according to the same sources (NBS/SMEDAN, 2021).

According to Martijn and Daan (2017), risk is uncertainty whose likelihood of occurring and

potential rewards may be measured. According to Kehinde *et al.* (2017), risk is the possibility that an occurrence will have an influence on the achievement of an organization's goals, either favourably or unfavourably. Olaniran *et al.* (2016) claim that risk-taking is frequently utilised to explain the uncertainty that led to entrepreneurial action. Risk-taking is described as the propensity to engage in actions that carry a risk of injury or danger but also have a chance for a beneficial and constructive result (Allah & Nakhaie, 2021). Taking chances refers to an organization's readiness to grasp opportunities even in the face of uncertainty over its long-term performance (Deakins & Freel, 2012). It means doing risky action without considering the repercussions. Taking risks may also be seen as a company's management intentionally investing large sums of money in endeavours with the hope of achieving large returns, even when there is a chance of greater failure (Mahmoud & Hanafi, 2013). According to Wikluad and Shepherd (2003), risk-taking is the propensity to engage in audacious activities like exploring uncharted territory and devoting a significant number of resources to endeavours with unpredictable results.

In a similar vein, Kapepa and Van Vuuren (2019) described risk-taking as the propensity to make audacious choices like branching out into uncharted territory, investing a significant sum of money in projects that have questionable prospects, and/or taking on a lot of debt that may not work out. According to Bijloos (2017), taking risks may be defined as being prepared to invest significant resources in prospects while acknowledging the possibility of expensive failure and the desire to stray from the well-trod road.

According to Bamfo and Kraa (2019), market orientation is important since it indicates how forced organizations are to implement the marketing idea. This acknowledges that the marketing idea is centred on the requirements and preferences of consumers in the market (Nwankwo *et al.*, 2019). By creating goods and services that more effectively meet the demands of their target market than less market-driven strategic rivals, SMEs may improve, adjust and compete strategically for attractive markets over time. This is made clear by market-driven strategies. These SMEs may have competitive intensity, market orientation, and technology dynamic capability as strategic market resources (Amadasun & Mutezo, 2022).

Small and medium-sized enterprises (SMEs) that are good at building relationships with their target consumers can create a powerful tool to foster the right culture and behaviors to provide exceptional customer service. This will help the company focus on the market and grow. Business owners quickly learn that market orientation which includes customer, innovation, entrepreneurial, and rivals' orientation is the engine that propels a company's success when SMEs zero in on a certain market (Jones & Rowley, 2011).

Nwankwo and Kanyangale (2020) state that market driving encompasses both the formation of alliances and the sensing of markets. All divisions and employees must work together to finish these vital activities and components since they are critical to the growth and success of entrepreneurial SMEs. A market-driving mindset is still a very important predictor of SME survival, according to Nwankwo and Kanyangale (2022).

Therefore, when comparing the market strategies of competing SMEs, market expansion becomes an essential component of competitive growth. This strategy helps SMEs attract new clients, meet current demand, and adapt to consumers' changing preferences. But entrepreneurs need to deliberately address the challenges faced by SMEs and develop technology capabilities that are commensurate with those challenges if they want to meet market obstacles.

Every business needs innovation to survive (Ortiz-Villajos, 2014). It is essential to an enterprise's existence and continued operation; it fosters its development and expansion and increases its chances of success in the future (Gaynor, 2012). All contemporary firms that aspire to be successful in a world marked by rivalry, rapid technological progress, and repeated upheavals now have to embrace creativity and novelty. Innovation is not only about emerging ideas; it is about any organizational change intended to improve performance. Innovation is the process of bringing something new to the business that benefits consumers and broadens the organization's knowledge base by making both drastic and gradual changes to its procedures, products, and services (Fatile & Adejuwon, 2017). According to Helmers and Rogers (2010), an enterprise's competitive edge is both an outcome of its innovation activities and a critical component of its survival.

According to Tornatzky *et al.* (2019), innovation is the application of new technology or management techniques within an organization in order to accomplish a specific operational improvement. Innovation is typically understood by SMEs to mean new processes or products that can more gainfully and reasonably satisfy consumer demands than can be achieved with current ones (O'Regan & Ghobadian, 2016). Unquestionably, innovation provides a platform for businesses to reach higher levels of competition, which drives their expansion and survival (Banterle *et al.*, 2014). The research has established and generally accepted the role that MEs' innovativeness plays in their growth (Zwingina *et al.*, 2017; Okumu, 2019).

When it comes to increasing employment and SMEs' overall success, innovation is crucial. The study's main goal is to offer a framework for analysing how innovation affects the performance of SME firms in Nigeria. One important subject in recent research on the growth and development of SMEs has been the significance of the innovation process. According to Masso (2012), new items should result in a temporary increase in the innovator's revenue from sales; however, this money should disappear as soon as competitors begin to innovate or duplicate. Gunday *et al.* (2019) assert that a business's desire to attain improved firm performance and heightened competitive advantage is the key to innovativeness. Beyond continuous improvement, small and medium-sized businesses must be committed to and persistent in their efforts to implement innovation (Humpherys, 2014). SMEs must enhance their capacity for innovation beyond advances in science and technology. Studies on innovation in small and medium-sized enterprises, however, are relatively few in comparison to those on bigger companies. SMEs have fewer resources at their disposal, but they may make up for this by being creative, adaptable, and flexible (Qian & Li, 2013; Vermeulen, 2015).

As the creation of newly developed goods and services remains the drive behind the emergence of new businesses and the expansion of the existing ones, innovation continues to be the

main approach and catalyst for SMEs to expand and thrive in any competitive business climate. (Ekeh, 2013; Ukpabio, 2018).

This study is anchored on the perceived risk theory. The perceived risk theory holds that the perception of risk is a major factor that determines the behavior of people towards risk and not the actual level of risk itself (Cooper, 2003). Some of the determinants of risk perception of individuals include social norms, the level of an individual's trust in others and the characteristics of the risk itself (Weyman & Kelly, 1999). Risk perception in this regard, is the ability of an individual to discern certain amount of risk and it majorly determines the level of an individual's risk tolerance. In relation to this study, the perceived risk theory may be applied in explaining the behavior of entrepreneurs towards risk-taking. For instance, some individuals view risk-taking as an activity that should be avoided while some view risk-taking as something that should be embraced. More importantly, certain individuals make efforts to identify and evaluate risks before venturing in them, so as to ensure that they venture in a well-calculated risky venture. All these behavioural tendencies borders on how these individuals perceive risks.

METHODS

The data for this study came from a survey, and the research strategy was both cross-sectional and explanatory. The study's stated goal of investigate whether or not SMEs that take risks are more likely to survive led to the choice of this research designs.

All SMEs in the Lagos State Chapter of the National Association of Small-Scale Industrialists (NASSI) were considered for inclusion in the study's population. Three hundred and twenty people made up the association's population strength.

Sample size for the study was determined by using the Taro Yamane formula at 5% level of significance as provided:

$$\begin{aligned} \text{Thus,} \quad n &= \frac{N}{1+N(e)^2} \\ &= \frac{320}{1+320(0.05)^2} \\ \frac{320}{1.8} &= 177.77 \cong 178 \end{aligned}$$

The study adopted a simple random selection technique to pick 178 owners of SMEs for our sample. The researchers, along by two qualified research assistants, attended the association's monthly meeting for two months in a row to distribute and collect data using a questionnaire they had developed. The study's factors were reflected in the four sections of the questionnaire. The seven

items that made up Section A of the survey were used to collect respondents' demographic information. There are five questions in the market opportunity exploitation section of the survey (Section B). There were five items total in Section C, Innovation, of the survey. Finally, there were five questions in the section under "Survival of SMEs." that dealt with the study's dependent variable.

A grand total of 149 questionnaires were collected, evaluated, and analyzed statistically. The data analysis utilized a mix of descriptive and inferential statistics, with the assistance of the SPSS data editor software, version 20. In order to put the theories to the test, the researchers utilized regression analysis and Pearson's moment correlation coefficient analysis.

FINDINGS

Descriptive analysis of the respondents' responses

Table 1: Descriptive analysis of responses on innovation

Innovation	Level of agreement (%) (n=149)					
	SA	A	D	SD	Mean	SD
We actively introduced improvement and innovation in our business	75.2	23.5	0.7	0.7	3.73	0.50
Our business is creative in its method of operation	54.4	45.6	0.0	0.0	3.54	0.50
Our business seeks out new ways to do things	43.0	51.0	2.7	3.4	3.34	0.69
Successful SMEs are those that apply new technologies processes and techniques	56.4	32.2	8.1	3.4	3.42	0.78
Our business is built on generating creative or novel idea	52.3	44.3	2.0	1.4	3.50	0.59
Grand mean					3.506	0.613

Source: Field survey data (2024)

Table 4.1 shows that 98.7 percent of the respondents agreed that they actively introduced improvement and innovation in their businesses, 100 percent of the respondents agreed that their businesses are creative in its method of operation; 94 percent of the respondents agreed that their business seeks out new ways to do things; 88.6 percent of the respondents agreed that Successful SMEs are those that apply new technologies processes and techniques; 96.6 percent of the respondents agreed that their businesses are built on generating creative or novel idea.

The findings of the descriptive statistics on innovation indicate that the perceptions of all respondents about the topic are comparable. The respondents generally agreed with the majority of the statements on the high scale when it came to the degree of innovation, as indicated by the grand mean of 3.506 for the level of innovation. Since all of the statements' standard deviations

were lesser than 1, the aggregate standard deviation of 0.613 suggests that the responses were clustered around the mean.

Table 2: Descriptive analysis of responses on market opportunities

Market Opportunities	Level of Agreement () (n=149)					
	SA	A	D	SD	Mean	SD
Our objective is centered on developing ideas generated from the market environment	57.7	39.6	2.0	0.7%	3.73	0.50
We are keen about expanding our business to generate new profit potentials	51.7	47.7	0.7	0.0%	3.54	0.50
Successful SMEs are those that exploit new market ideas	65.8	32.9	1.3	0.0%	3.34	0.69
Our products are developed to satisfy identified needs	69.8	28.2	2.0	0.0%	3.42	0.78
Efforts towards recognizing new ideas are always embraced by us	51.0	46.3	2.7	0.0%	3.50	0.59
Grand Mean					3.51	0.61

Source: Field Survey Data (2024)

Table 4.2 shows that 97.3 percent of the respondents agreed that their objective is centered on developing ideas generated from the market environment; 99.4 percent of the respondents agreed that they are keen about expanding their businesses to generate new profit potentials; 98.7 percent of the respondents agreed that successful SMEs are those that exploit new market ideas; 98.7 percent of the respondents agreed that successful SMEs are those that exploit new market ideas; 97.3 percent of the respondents agreed that Efforts towards recognising new ideas are always embraced by them. 97.3 percent of the respondents agreed that

The findings of the descriptive statistics on market opportunities indicate that the attitudes of all respondents about the topic are comparable. With regard to the degree of Market Opportunities, the grand mean is 3.13, meaning that the respondents agreed with the majority of the statements on the high end of the scale. Since all of the statements' standard deviations were lesser than 1, the aggregate standard deviation of 1.12 suggests that the responses were concentrated around the mean.

Table 3: Descriptive analysis of responses on survival of SMEs

Survival of SMEs.
Our SME has successfully navigated through challenging economic conditions.
Our SME has remained competitive despite changes in the market.
Our SME has maintained or increased its market share over time.
Our SME has demonstrated resilience in overcoming obstacles or setbacks.
Our SME adapts its products/services to meet evolving customer needs

Source: Field Survey Data (2024)

The survey results shed light on the perceptions of SMEs regarding their survival and competitiveness amidst challenging economic conditions. A significant majority, nearly 60%, agreed that their SME has successfully navigated through such conditions, indicating a prevailing sense of resilience and adaptability within these businesses. Furthermore, a notable portion, around 44%, believed that their SME has remained competitive despite market changes, suggesting a degree of confidence in their ability to keep pace with evolving market dynamics. However, the sentiment becomes more divided when considering the aspect of maintaining or increasing market share over time. While roughly half of the respondents agreed with this statement, an equal percentage disagreed, highlighting a significant divergence in opinions regarding the SMEs' market performance. Similarly, when it comes to demonstrating resilience in overcoming obstacles or setbacks, and adapting products/services to meet evolving customer needs, the responses are more polarized. Only about 45% of respondents believed their SMEs demonstrated resilience, and slightly over half agreed on the adaptation of products/services. On the contrary, a considerable proportion disagreed with both statements, pointing towards perceived shortcomings in these areas. The mean scores for both resilience and adaptation are relatively low, further underscoring the challenges faced by SMEs in these aspects.

The standard deviations across all items indicate a close range of opinions among respondents, reflecting the similar perspectives within the surveyed SMEs. Overall, while there are areas of strength, such as navigating economic challenges and remaining competitive, the findings highlight critical areas for improvement, particularly in maintaining market share, demonstrating resilience, and adapting to changing customer needs, to ensure the long-term survival and success of SMEs.

TEST OF HYPOTHESES

- H₀₁: Exploiting market opportunities will not significantly affect the survival of SMEs in Lagos state

Model	R	R ²	Std. error	F	Coefficients		p-value
					α	β	
1	0.307	0.094	0.325	15.27 _(1,147)	1.7289	0.3936	0.0001

Independent variable—(X) = Exploiting market opportunities; Dependent variable—(Y) = SMEs' survival. Source: Field Survey Data (2024)

The model summary above shows the extent to which exploiting market opportunities affect the survival of SMEs in Lagos state. The coefficient of determination ($R^2 = 0.094$, $p\text{-value} < 0.05$) shows that 9.4% of the success observed in the survival of SMEs in Lagos state is accounted for by exploiting market opportunities. The result is statistically significant because the p-value for the result (0.0001) is less than the level of significant (0.05) used for the study.

The model developed for the hypothesis is significant and has a good fit because the F-calculated value of 15.27 is greater than F-tabulated value of 3.94, signifying that survival of SMEs in Lagos state is predictable by exploiting market opportunities.

The simple regression model is given as:

$$\text{SMEs' Survival} = 1.7289 + 0.3936 \text{ Exploiting Market Opportunities.}$$

The equation suggests that SMEs' survival is predicted to increase by 0.3936 for each unit increase in *exploiting market opportunities* ($\beta_{\text{EMO}} = 0.3936$, $p < 0.05$), with an intercept term of 1.7289. This equation implies that exploiting market opportunities has a positive impact on SMEs' survival. Therefore, null hypothesis is rejected while the alternative hypothesis is accepted suggesting that exploiting market opportunities will enhance the survival of SMEs in Lagos state.

- H02: There is no significant relationship between innovation and survival of SMEs in Lagos state

Correlation analysis was used to test this hypothesis

Correlations			
		Innovation	SMEs' Survival
Innovation	Pearson Correlation	1	.370**
	Sig. (2-tailed)		.000
	N	149	149
SMEs' Survival	Pearson Correlation	.370**	1
	Sig. (2-tailed)	.000	
	N	149	149

** . Correlation is significant at the 0.01 level (2-tailed). Independent variable—(X) = Innovation; Dependent variable—(Y) = SMEs' survival. Source: Field Survey Data (2024)

There is a favorable and statistically significant association between innovation and the survival of SMEs, according to the correlation analysis. With a significance level of 0.01 (2-tailed), the Pearson correlation coefficient of 0.370 shows a reasonably strong positive correlation. This data reveals that small and medium-sized enterprises (SMEs) who participate in innovation initiatives tend to be more resilient. Put simply, a higher degree of innovation inside SMEs is generally associated with a higher probability of their survival. This association highlights the significance of innovation as a key component that helps small and medium-sized businesses endure and thrive in the long run. To thrive in today's fast-paced business world, small and medium-sized enterprises (SMEs) need to be nimble, innovative, and responsive to new technologies, trends, and customer needs. This study concludes that small and medium-sized enterprises (SMEs) in Lagos state are more likely to survive if they innovate, rejecting the null hypothesis in the process.

Table 4: Summary of findings

Hypothesis	Result	Decision
Exploiting market opportunities will not significantly affect the survival of SMEs in Lagos state	$R^2 = 0.094$, $p < 0.05$ H_0 is rejected	Exploiting market opportunities significantly affect the survival of SMEs in Lagos state
There is no significant relationship between innovation and survival of SMEs in Lagos state	$r = 0.370$, $p < 0.05$ H_0 is rejected	There is a significant positive relationship between innovation and survival of SMEs in Lagos state

Source: Field Survey (2024)

DISCUSSION

Empirical evidence presented in the current study as well as in majority of previous studies revealed that risk taking is related to the survival of SMEs.

The result of the first hypothesis revealed that exploiting market opportunities significantly affect the survival of SMEs in Lagos state ($R^2 = 0.094$, $p\text{-value} < 0.05$). So, capitalizing on possibilities in the market accounted for 9.4 percent of the survival rate of small and medium-sized enterprises (SMEs) in the state of Lagos. In support of this finding, Munugesan and Jayavelu (2017) posited that entrepreneurs who are optimistic, or risk-takers, will far better in the long run than their more pessimistic counterparts.

According to the second hypothesis, a strong positive correlation exists between innovation and the survival of small and medium-sized enterprises (SMEs) in Lagos state ($r = 0.370$, $p < 0.05$). Gordon (1988) acknowledges that macro-economic conditions can impact the survival of any organization, and this outcome is consistent with his results. Also, Parimala and Ilham (2016) found a strong and significant association between innovation, survival, appropriate skilled employees, and production, therefore they strongly support this idea. According to their analysis, an entrepreneur would have a greater chance of success with a combination of these. To survive in today's world of intense competition, fast technological advancement, and elevated risk, small and medium-sized enterprises (SMEs) need to be more proactive, creative, and risk-taking (Pasapia, 2009). Ebiringa (2012) and Adegbite, Ilori, and Aberejo (2007) found that risk-taking is a strong predictor of organizational performance, efficiency, and profitability. A company's strategic posture that includes calculated risks may give it an advantage over rivals and help SMEs grow and stay afloat in the long run, say Wang and Poutziouris (2010).

CONCLUSION

Understanding how SMEs in Lagos state rely on risk-taking to stay afloat prompted this study. This study aims to examine the relationship between innovation and the survival of small and medium-sized enterprises (SMEs) in Lagos state, as well as the influence of capitalizing on market possibilities on their survival. Numerous economic problems, such as the elimination of fuel sub-

sidies, security threats, political crises, fire disasters, and civil unrests, pose dangers to small and medium-sized enterprises (SMEs) in Nigeria. The performance, survival, expansion, and ability of SMEs to contribute to the Gross Domestic Product (GDP) have been greatly hindered by these threats. Despite the fact that new SMEs are popping up all the time in Nigeria, the incidence of their demise is on the rise. Even before they reach their fifth anniversary, the majority of SMEs fail. In spite of financial constraints, a lack of infrastructure facilities, poor management, a lack of entrepreneurial skill base, a lack of strategic planning, multiple levies and taxes, socio-cultural problems, and other obstacles, calculated risk-taking and the exploitation of market opportunities are critical survival factors that can help reduce the rate at which firms collapse and ensure that existing SMEs survive for more years. The ability to innovate is more important than ever before for a company to build a lasting competitive edge. So, risk taking is a key characteristic of entrepreneurs; it includes the resolve and bravery to make the most of available resources, and it's a common way to characterize the unpredictability that comes with being an entrepreneur. In essence, in this complex market environment and uncertain economic climate, enterprises can survive by investigating market opportunities and supporting innovation.

In view of the findings of the study, the researcher makes the following recommendations:

- Entrepreneurs need to be prepared to branch out from the norm and risk a lot of money on ideas that could end up failing miserably. Entrepreneurs running SMEs need lightning-fast responses to meet fluctuating customer demands.
- Entrepreneurs must adopt more aggressive disposition to undertake actions of high risk with less competitive tendencies. They must acquire all the skills needed to provide solution to problems in innovative manner.
- The government should support SMEs through the provision of enabling environment and infrastructure so that local entrepreneurs can compete favourable with their counterparts all over the world.

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