

Influence of Capacity Development and Entrepreneurship for Sustainable Development of Small and Medium Scale Enterprises in Lagos, Nigeria

Julius Paul Eyanuku

Department of Business Administration, National Open University of Nigeria

Corresponding Email: jeyanuku@noun.edu.ng

Abstract

The study examines capacity development on entrepreneurship sustainable development in SMEs in Lagos, Nigeria using Kosofe Local government area as a study. Indeed, several literatures were reviewed based on the concept, theories and the empirical review on the capacity development and entrepreneurship performance in Lagos state. The study was carried out using questionnaires as primary technique of data collection in line with the requirements of the descriptive research design. Responses were sought from One hundred and forty-six (146) questionnaires were administered on respondents while one hundred (100) were fully completed and returned. Chi-square statistics was used to test the stated hypotheses. It was revealed from the hypothesis tested that capacity development strategy has significant effect on entrepreneurship performance in Lagos state and there is relationship between capacity development and entrepreneurship performance in Lagos state. It is therefore recommended for an enhanced skills audit in SMEs performance in Lagos state, Nigeria to match staff and process capacity development needs with the available skills and talent in the organisation well as better utilise the existing ICT infrastructure. Skills audits are capable of widening the scope of staff with various talents that can be used to build the capacity of other staff through skills transfer arrangements in areas that are identified.

Keywords: Capacity Development, Entrepreneurship, Sustainable Development, SMEs

JEL Classification Codes: D25 L26, Q01, E26

1. Introduction

Capacity building, then, may concentrate on either people or machinery inside an organization. A company's commitment to capacity development as a "method of doing business" may have far-reaching effects. Capacity levels are of interest to businesses, governments, and

people alike since they determine an entity's competitive advantage. A company has a competitive advantage if its products and services are more valuable to consumers than those of its rivals in the same market. This is accomplished through producing and distributing high-quality goods and services at fair prices. This isn't just about how well something works; it also involves issues of worth and interest, such as "to serve whom" and "for what" (Christoplos, Nilsson, Newkirk & Ymeri, 2014).

Business owners are crucial to any country's economic growth. Evidence suggests that entrepreneurial endeavors have greatly helped the nations of the industrialized world. Similarly, developing nations cannot forward their goal for progress without the efforts of entrepreneurs. Therefore, it has been said that the rise of entrepreneurship and/or small firms has helped most nations take the economic lead in a variety of sectors. Entrepreneurial capitalism is a crucial factor in fostering organizational effectiveness, productivity, growth, and global competitiveness. This is as a result of the significance of entrepreneurship to economic growth (Bylon, Asiedu-Appiah and Paul, 2015). Small and Medium-sized Businesses (SMBs) in Nigeria's private sector account for half of the country's total industrial production and employ more than half of the population (Oyelola, Ajiboshin, Raimi, Raheem & Igwe, 2015).

The economic contributions and advantages of the informal sector (entrepreneurship) have long been the focus of study, especially as they relate to the creation of new jobs and the reduction of poverty. One school of thought holds that the informal economy is the key to solving the world's poorest nations' economic woes. Nowadays, informal business owners in Nigeria are receiving a lot of attention because of the potential role they may play as a fertile training ground for the next generation of Nigerian business leaders. On the other hand, most informal businesses fail during the first five years, while a lesser number fail between the sixth and tenth year. Thus, only approximately 5-10% of young informal entrepreneurs really make it. That means fewer than 5% of businesses in Nigeria's informal sector survive their first five years, which is a very low percentage. This also shows that informal business owners in Nigeria have not been as successful as hoped in contributing to the country's economic growth. When looking at the bigger picture, it's clear that much of the work done to improve the development and efficiency of informal businesses has focused on monetary and physical resource availability. However, additional factors must be considered if we are to come up with viable answers to the problem of SMEs' development and survival (Bylon et al., 2015).

Unemployment is the most pressing problem confronting Nigeria today. There are a lot of recent graduates who are unemployed and hanging around the streets. Independent workers lack the necessary skills to keep their enterprises afloat. The purpose of this research was to examine the relationship between capacity growth and business success in Lagos state, Nigeria.

The following hypotheses will be tested:

H₀1: Capacity development strategies has no significant influence on entrepreneurship performance in Lagos state

H₀2: There is no significant relationship between capacity development and entrepreneurship performance in Lagos state

2. Literature Review

2.1 Conceptual Review

2.1.1 Concept of Capacity Development

Rectors of polytechnics and Provosts of colleges of education, as well as the people in charge of entrepreneurship education at the different institutions, participated in an Executive capacity development training session at Songhai Centre, Porto Novo, Benin Republic in 2008. In 2010, there was another one that ran for three weeks each session/slot and included the directors of entrepreneurial education centers from different colleges. Furthermore, the NBTE and the Education Trust Fund have collaborated to provide nationwide train-the-trainer programs for lecturers at these schools. Training sessions on entrepreneurial education have also been held at different levels of education for the instructors who will be instructing students. To implement the government's policy goals, each polytechnic has had an entrepreneurial education center since the 2007/2008 school year (John & Anthony, 2015).

However, there are several obstacles to overcome in these initiatives. The first is seen in the skepticism that always accompanies any kind of novelty or innovation. While such initiatives have been implemented in the polytechnic sector, universities have often stood on the sidelines and even been critical of the polytechnics' efforts. The government's new strategy on entrepreneurship education, however, mandates that colleges do the same. Second, we haven't even begun to solve the most pressing problems that arise at the outset. The people and material resources necessary to accomplish the set goals stand out among them. Third, and perhaps most importantly, is the question of how to pay for everything. If the goal is to provide a thorough training and retraining program for those participating in entrepreneurship education, then a large investment is required. A significant sum of money is also needed to pay for the facilities, equipment, and tools necessary to carry out the

project's hands-on components. Because most poor countries, like Nigeria, allocate far less money to education than the United Nations recommends (about 26 percent), this is very concerning (John & Anthony, 2015).

2.1.2 Concept of Entrepreneurship

According to Nwazor (2014), an entrepreneur is someone who creates and runs a business with the goal of making money and expanding the company. Entrepreneurship, as defined by Nwazor (2014), involves the formation, management, and operation of an enterprise with the aim of generating profit. As stated by Nwazor, an entrepreneur is someone who runs their own company. Entrepreneurs are those who take stock of their prospective business environment, look for ways to enhance it, gather resources, and take action in order to seize upon profitable prospects. Chinonye (2014) argues that the definition of an entrepreneur varies from person to person since entrepreneurship permeates every aspect of life.

2.1.3 Concept of Sustainable Development

For Nigeria to achieve sustainable development, the country's capacity building efforts must be high quality and focused on the right areas. Capacity building and entrepreneurialism are sine qua non to growth and development, and hence essential for Nigeria to attain the Millennium Development Goals. There is no way to overstate the importance of capacity building in the pursuit of sustainable development, as noted by Nwazor (2014). If Nigeria wants to achieve sustained growth, the country's government must invest extensively in entrepreneurship to increase the production of skilled human capital.

2.2 Theoretical Review

This section provides an explanation of the theories underpinning this study. Some examples include the theory of dynamic capacities and capacity building, the theory of human capital performance, and the notion of knowledge as the basis for action. All of these hypotheses have the same goal: to foretell how one should proceed in a given set of decision-making circumstances. In order to effectively analyze information and use fresh views in their roles, managers might benefit from becoming familiar with some of the most popular strategic theories.

2.2.1 Performance and Human Capital Development Theories

Organizations and people alike are seen as travelers along a path of processes in the theory of performance. Christoplos et al. (2015) stated that the process of performance is made up of a variety of factors,

including the environment, the level of expertise, the body of knowledge, the nature of the performer, the stability of the situation, and the individual's own characteristics. Each individual and organization has a unique set of capabilities that may allow them to achieve extraordinary results. Employees and the business as a whole may benefit from a theory of performance in a variety of educational settings due to the fact that high-quality work results from excellent performances.

However, in contribution to the development literature, human capital development theory draws its reasoning from Amartya's poverty and capacity postulates. Higher rates of missing capability in a society are linked to higher poverty rates, according to Christoplos et al., (2015). The same reasoning may be extended to institutions, with the emphasis placed on how a lack of resources hampers their ability to do their jobs. Emerging literature on the role of human capital in economic growth in general provides a launching point from which to measure the role of capacity in the development process, even though successful analysis of the role of human capital in explaining growth performance remains elusive, especially in the least developed countries (Ringim, Razalli & Hasnan, 2014).

This research uses the theories of performance and human capital development to back entrepreneurial development's goals to scale up financial and human resources to expand its work in sustainable economic development, as outlined in its operational strategy 2011-2016 on Private Sector Development. The theory is also applicable since it allows for the comparison of the performance consequences of capacity development techniques used by different donors working in Nigeria's same area, and the identification of an optimal operational niche (Ringim, Razalli & Hasnan, 2014).

2.2.2 Dynamic Capabilities and Capacity Building Theory

The concept of dynamic capacities is used to the management of the company's resources. Competition from inside and beyond the industry is a major factor in prompting businesses to seek out innovative strategies. In the 1980s, Selznick and Eisenhardt put out the theoretical foundations of dynamic capability. There are certain universals in the idea that may be seen across different businesses and different strategies for gaining a competitive edge. The idea posits a broad variety of procedures, resources and competencies inside a commercial enterprise. Dynamic capacities of available resources are connected to creativity, capacity development, and performance-related outcomes in entrepreneurial growth (Lim, Stratopoulos & Wirjanto, 2015).

Capacity building activities are foundational to learning by doing methodologies, as stated by Ringim et al., (2014). Knowledge and

abilities gained via capacity development efforts have repercussions for both businesses and people. Learning at the individual level has a direct impact on organizational learning via objectives-driven policies, procedures, information management, and incentive systems (Palmer & Kaplan, 2007). The business's internal and external environments are designed to help it make the most of its capacity development gains, resulting in strong policies and operational structures that improve the organization's functional performance.

Murphy and Hill (2015) state that a three-pronged strategy for increasing organizational prowess should prioritize training and education for current employees, as well as the introduction of new technologies and methods of doing business. Therefore, the idea lends credence to the ten percent rule of entrepreneurial growth for staff learning and development, which states that only ten percent of the necessary skills and professional knowledge can be acquired by traditional education and training. Twenty percent of the work in acquiring skills and knowledge is accounted for by mentoring and coaching, while the remaining seventy percent is accounted for by training opportunities in the workplace. New and improved efforts to build organizational capacity for the purpose of improving internal data rely heavily on the use of cutting-edge research and development in both theory and practice. As stated by Ringim et al., (2014), a SME's worth and effectiveness are determined by its intellectual and employee capability. Empowered staffs have confidence, space for innovation and capacity to sustain and increase the overall performance of the business. Staff knowledge is crucial in consolidating the competence of workers to discern distinctions in the performance of their tasks in diverse situations via a collection of qualities and abilities obtained through time. Knowledge is viewed as the most strategic and vital resource to enterprises.

2.3 Empirical Review

Aladejebi (2018) examined the impact of the Human Capacity Building on Small and medium enterprises in Lagos, Nigeria. Data was gathered from 139 respondents selected from entrepreneurs small and medium enterprises in Lagos. SPSS was used to analyze the data gathered. Findings from the study reveal that regulatory constraints, accessibility to credit and low marketing skills are the top three barriers to the SMEs owners business. Financial management, marketing and inadequate and inefficient management of employees are the major managerial problems. The SME owners adopt various training approaches like formal and informal training, on-the-job training and job-specific training. The conclusion of the study includes the need for

the government to organize more training for SMEs at affordable prices; establishment of skills acquisition centres.

Capacity building for business growth in Ghana was studied by Bylon, Asiedu-Appiah, and Paul (2015), who used a descriptive approach and interviewed 102 purposively selected owner/managers for their data. Based on the findings of this research, it is clear that financial institutions, universities, government agencies, and international organizations are the most common types of business support institutions involved in enhancing owner managers' capabilities. Findings from the research also showed that company owners used enterprise support organization resources, particularly in the forms of management education and financial aid, to help their companies expand and prosper. Moreover, it was shown that the owner managers' efforts have benefitted from these improvements. However, owner managers still face obstacles when attempting to get entry to these locations. Some of the company's top executives were clueless about the existence of these business-friendly resources. As far as the owner managers were concerned, the government institutions and other business support organizations were not doing enough to help grow entrepreneurial capability.

Opafunso and Adepoju (2014) studied impact of SMEs on economic development of Ekiti State (2006-2013). A survey research design was adopted to obtain data from 150 respondents comprising of traders, artisans, production factories and other small and medium enterprises which were selected using multi stage sampling method across 16 local government areas in Ekiti State. Data for this study was analysed using Statistical Package for Social Sciences (SPSS) and Chi-square at 0.05 level of significance was used to test the hypotheses. The findings revealed that there is a positive and significant relationship between SMEs and poverty reduction, employment generation and improvement in standard of living of people in Ekiti State. Furthermore, the result revealed that there was a 57% increase in the number of SMEs in the State between the years 2009-2013. The study concludes that access to capital funding by reduction in the interest rate on loan offered by banks can boost the performance of SMEs in Ekiti State and Nigeria at large.

Research by Rugumamu (2014) found that capacity building initiatives in Africa's war and unstable environments have had disappointing effects. Donor-driven capacity development efforts in Africa have a poor reputation for being pushed on recipient countries and their citizens. Lack of domestic competence driven initiatives restricts the longevity of such openings. Capacity building in water resource management in Ukraine was the subject of research conducted by Leidel, Niemann, and Hagemann (2016). The research recommended including

relevant parties in capacity building efforts to ensure that strategies are adapted to specific needs.

Eigbiremolen and Igberaese (2013) investigated the role of Small and Medium Enterprises (SMEs) in the achievement of economic growth in Nigeria using a linear regression model and granger causality test. The Johansen 2 likelihood ratio test statistics, the trace and maximal eigenvalue cointegration test statistics, reveal two co-integrating equations or vectors among the variables of interest. The co-integrating regression result indicates that SMEs are indispensable in achieving sustainable economic growth as they exhibit positive impact on the economy. The granger causality test reveals a unidirectional causal relationship between SMEs and economic growth, running from the former to the latter.

Qureshi (2012) examined the problems and constraints faced by small and medium-sized enterprises (SMEs) in Pakistan with regard to access to financing. The research methodology includes qualitative data and quantitative data. A survey was undertaken from a sample group of 500 respondents of SMEs in Karachi from whom various questions were asked through a structured questionnaire. In addition, one-on-one formal and informal interviews were taken from various businessmen and bankers. Samples were selected conveniently. A conceptual model/framework was devised to test and ascertain the statistical validity. It includes dependent variable SME financing and independent variables, financing constraints, functional/internal barriers, government support and incentives and SMEs growth and development. The findings showed that formal financing is the biggest problem of SMEs because a substantial portion of SMEs does not have the security required for collateral. The loan processing time is very lengthy and cumbersome and the loan terms are not succinct and thoroughly understood by the borrower.

Morenikeji and Oluchukwu (2012) studied the impact of small and medium scale enterprises in the generation of employment in Lagos state. A total of a hundred (150) copies of the questionnaire were administered out of which one hundred and twenty (120) copies representing (80%) of the questionnaire were properly completed and retrieved while thirty (30) copies representing 20% were not retrieved. The instruments used to gather information for this study includes questionnaire and interview. Two different statistical methods were employed by the researcher for data analysis. The tools are simple percentage and chi-square (X_2). The results show that SMEs and sustainable development of the Nigeria economy are related, just as promotion of SMEs and improvements in employment generation are related. They therefore conclude that for a nation irrespective of its

economic ideology to achieve meaningful and sustainable development, adequate attention must be given to wide spread of economic activities through entrepreneurship and small and medium scale enterprise generation.

Nkwe (2012) discussed the role SMEs play in the development of countries such as Botswana. It focuses on what SMEs contribute and what barriers are there which make them not to contribute at their optimal. In the review, the researcher finds that the contribution of SMEs in Botswana is huge. SMEs contribute to economic development in various ways: by creating employment for rural and urban growing labor force, providing desirable sustainability and innovation in the economy as a whole. The most important development priority in Botswana is to diversify the economy in general, and to diversify production for export in particular. The diversification of exports should include services as well as manufactured goods. Economic diversification is necessary for future economic growth, and this in turn is necessary for the growth of employment and others. SMEs are the pillars to the government's diversification drive.

Oreoluwa (2011) assessed specific financing options available to SMEs in Nigeria and contribution with economic growth via investment level. The Spearman's Rho correlation test was employed to determine the relationship between SMEs financing and investment level. The analysis reports a significant Rho value of 0.643 at 10%. This indicated that there is significant positive relationship between SMEs financing and economic growth in Nigeria via investment level. Descriptive statistics were also used to appraisal certain financing indicators. The paper later proffer that accessibility to relative low interest rate finances should be provided to small and medium enterprises in Nigeria in order enhance economic growth.

3. Methodology

This study uses a descriptive survey approach in order to experimentally evaluate the correlations between the variables. The descriptive survey design was chosen because it focuses primarily on the facts, views, opinions, demographic data, attitudes, motivations, and behaviors of respondents to the research instrument (Aliyu, Tudun & Oladejo, 2014; Osinbanjo, Adeniji, Falola & Heirsmac, 2014). The design was based on original data sources (questionnaire). It is a suitable approach due to its originality and relevance, since it focuses on the event. The quantitative method was utilized to analyze the data acquired for this investigation. The data were analyzed using a quantitative method since it facilitates the measurement of objective facts using variables, statistical analysis, and reliability testing (Basheer, Saeed &

Tarabieh, 2014). The study was carried out within Kosofe Local Government, Lagos State.

This study's population consisted of all workers from twenty registered SMEs in Kosofe local government, Lagos state. The population of the study consists of around 398 SMEs workers, including those from the furniture, printing, internet cafes, technology, supermarkets, pharmacy, manufacturing, courier, e-commerce, and web design industries. The twenty businesses were chosen based on the following criteria: they mirror features of SMEs, they have engaged with one or more SMEs as part of their operations, and they have been in business for more than five years.

The technique that was used for selection is the simple random sampling techniques. To determine the sample size, this study used Slovin Sample size determination formula. It is expressed in equation 1:

$$n = \frac{N}{1 + N(e^2)} \quad 1$$

Where:

n = Sample size

N = Population figure

e = Error margin

1 = Mathematical constant

The research will apply the above formula to determine the sample size of the study as follows:-

n = sample size (to be calculated)

N = 230 employees

e = 5% = 0.05

$$\text{Hence } n = \frac{230}{1 + 230(0.05^2)}$$

$$= \frac{230}{1 + 0.575}$$

$$= \frac{230}{1.575}$$

$$n = 146$$

Therefore, the sample size for this study is one hundred and forty-six (146) employees of SMEs.

The data was collected using a structured questionnaire which contained questions drawn in open ended and close ended forms. The questionnaire has three sections with section A exploring the socio-demographic characteristics of respondents, section B exploring the effect capacity development strategies on entrepreneurship performance in Lagos state, section C exploring the relationship between capacity development and entrepreneurship performance in Lagos state. The data generated from the study will be analyzed using chi-square statistic

4. Results and Discussion

This section focuses on the presentation and discussion of results. For the analysis, the research questions raised as contained in the administered questionnaires are analyzed and hypotheses formulated are tested using chi-square statistic. One hundred and forty-six (146) questionnaires were administered on respondents while one hundred (100) were fully completed and returned.

Table 1: Mentorship and Coaching Contributes To Entrepreneurship Development in Lagos State

Variables	Frequency	Percentage
Strongly Agree	44	44.0
Agree	25	25.0
Undecided	11	11.0
Disagree	20	20.0
Total	100	100.0

Source: Field Survey, 2022

The table 1 revealed that 44.0% of the respondents were strongly agreed, 25.0% agreed, 11.0% were undecided, while about 20.0% disagreed that mentorship and coaching contributes to entrepreneurship development. This implies that majority of the respondents were of the opinion that mentorship and coaching contributes to entrepreneurship development in Lagos state.

Table 2: Financial Management Strategy Enhance Entrepreneurship Performance

Variables	Frequency	Percentage
Strongly Agree	74	74.0
Agree	7	7.0
Undecided	14	14.0
Disagree	2	2.0

Strongly disagree	3	3.0
Total	100	100.0

Source: Field Survey, 2022

The table 2 revealed that 74% of the respondents strongly agreed, 7% agreed, 14.0% were undecided, 2.0% disagree and 3.0% strongly disagree that financial management strategy enhance entrepreneurship performance. This implies majority of the respondents agreed that financial management strategy enhance entrepreneurship performance.

Table 3: Human Resource Influences Entrepreneurial Success in Lagos State

Variables	Frequency	Percentage
Strongly Agree	49	49.0
Agree	23	23.0
Undecided	10	10.0
Disagree	18	18.0
Total	100	100.0

Source: Field Survey, 2022

The table 3 shows that 49.0% of the respondents strongly agreed, 23.0% agreed, 10.0% were undecided and 18.0% disagree that human resource influences entrepreneurial success. It can be concluded that human resource influences entrepreneurial success in Lagos state.

Table 4: Information Management Strategy and Marketing Strategy Improve Entrepreneurship Performance in Lagos State

Variables	Frequency	Percentage
Strongly Agree	48	48.0
Agree	20	20.0
Undecided	12	12.0

Disagree	10	10.0
Strongly Disagree	10	10.0
Total	100	100.0

Source: Field Survey, 2022

The table 4 revealed that 48.0% of the respondents strongly agreed, 20.0% agreed, 12.0% were undecided, 10.0% disagree and 10.0% strongly disagree that information management strategy and marketing strategy improve entrepreneurship performance. This implies that information management strategy and marketing strategy improve entrepreneurship performance in Lagos state.

Table 5: Talent Development Strategy Has Positive Effect on Entrepreneurial Success in Lagos State

Variables	Frequency	Percentage
Strongly Agree	48	48.0
Agree	20	20.0
Undecided	12	12.0
Disagree	10	10.0
Strongly Disagree	10	10.0
Total	100	100.0

Source: Field Survey, 2022

The table 5 shows that 48.0% strongly agree, 20.0 agree, 12.0 were undecided, 10.0 disagree and 10.0 strongly disagree that talent development strategy has positive effect on entrepreneurial success. This implies that talent development strategy has positive effect on entrepreneurial success in Lagos state

Table 6: There is a Positive Relationship between Entrepreneurship Training and Employment Creation of SMEs

Variables	Frequency	Percentage
Strongly Agree	44	44.0

Agree	22	22.0
Undecided	13	13.0
Disagree	11	11.0
Strongly Disagree	10	10.0
Total	100	100.0

Source: Field Survey, 2022

The table 6 shows that 44.0% strongly agree, 22.0 agree, 13 were undecided, 11.0 disagree and 10 strongly disagree. This implies that there is a positive relationship between entrepreneurship training and employment creation of SMEs.

Table 7: Entrepreneurship Training, and Information Provision does not significantly affect SMEs' Employment Creation Capacity.

Variables	Frequency	Percentage
Strongly Agree	4	4.0
Agree	25	25.0
Undecided	13	13.0
Disagree	18	18.0
Strongly Disagree	40	40.0
Total	100	100.0

Source: Field Survey, 2022

The table 7 shows that 4.0% strongly agree, 25.0 agree, 13.0% were undecided, 18.0 disagree and 40.0 strongly disagree. This implies that entrepreneurship training, and information provisions significantly affect SMEs' employment creation capacity.

Test of Hypotheses

H₀₁: Capacity development strategies has no significant influence on entrepreneurship performance in Lagos state
Chi-Square Test

General Decision Rule

If the calculated chi-square (X^2) value is greater than the critical value, that is, degree of freedom at 3, the null hypothesis (H_0) is rejected as valid while the alternate hypothesis (H_A) is accepted and vice versa.

$$\begin{aligned}
 & \text{Expected frequency (E)} \\
 &= \frac{\text{Total no of respondents}}{\text{No of responses options}} \qquad \qquad \qquad 2 \\
 &= \frac{100}{5} \\
 &= 20
 \end{aligned}$$

Table 8: Talent Development Strategy has Positive Effect on Entrepreneurial Success in Lagos State

Variables	Frequency	Percentage
Strongly Agree	48	48.0
Agree	20	20.0
Undecided	12	12.0
Disagree	10	10.0
Strongly Disagree	10	10.0
Total	100	100.0

Source: Field Survey, 2022

Table 9: Chi-Square Calculation for Talent Development Strategy and Entrepreneurial Success in Lagos State

Observed Frequency (O)	Expected Frequency (E)	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
48	20	28	784	39.2
20	20	0	0	0
12	20	-8	64	3.2
10	20	-10	100	5
10	20	-10	100	5
			X^2	52.4

Source: Author’s Computation, 2022

Therefore, the calculated chi-square (X^2) values is 52.4
 To compute the degree of freedom (df) or critical value;

$$df = (R-1) (C-1)$$

Where; R = number of rows which is 5

C = number of columns which is 2

$$= (5-1) (2-1)$$

$$= (4) (1)$$

$$= 4 \times 1 = 4$$

The researcher assumed 95% level of confidence and 5% level of significance. At 95% level of confidence and 5% level of significance, the degree of freedom (DF) at 4 = 9.49 which is equal to 9.5 approximately.

From the computations and in compliance to the general decision rule, the alternate hypothesis (H_0) was accepted while the null hypothesis (H_1) was rejected since the calculated chi-square (X^2) value, 52.4 is greater than the degree of freedom at 4 which is 9.5

Conclusion: The conclusion is that capacity development strategies has significant influence on entrepreneurship performance in Lagos state.

H_{02} : There is no significant relationship between capacity development and entrepreneurship performance in Lagos state

General Decision Rule

If the calculated chi-square (X^2) value is greater than the critical value, that is, degree of freedom at 3, the null hypothesis (H_0) is rejected as valid while the alternate hypothesis (H_A) is accepted and vice versa.

Table 10: There is a Positive Relationship between Entrepreneurship Training and Employment Creation of SMEs

Variables	Frequency	Percentage
Strongly Agree	44	44.0
Agree	22	22.0
Undecided	13	13.0
Disagree	11	11.0.
Strongly Disagree	10	10.0
Total	100	100.0

Source: Field Survey, 2022

Table 11: Chi-Square Calculation for Entrepreneurship Training and Employment Creation of SMEs

Observed Frequency (O)	Expected Frequency (E)	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
44	20	24	576	28.8
22	20	2	4	0.2
13	20	-7	47	2.5
11	20	-9	81	4.1
10	20	-10	100	5
			X ²	40.6

Source: Author's Computation, 2022

Therefore, the calculated chi-square (X²) values is 40.6

To compute the degree of freedom (df) or critical value;

$$df = (R-1) (C-1)$$

Where; R = number of rows which is 5

C = number of columns which is 2

$$= (5-1) (2-1)$$

$$= (4) (1)$$

$$= 4 \times 1 = 4$$

The researcher assumed 95% level of confidence and 5% level of significance. At 95% level of confidence and 5% level of significance, the degree of freedom (DF) at 4 = 9.49 which is equal to 9.5 approximately.

From the computations and in compliance to the general decision rule, the alternate hypothesis (H₀) was accepted while the null hypothesis (H₁) was rejected since the calculated chi-square (X²) value, 40.6 is greater than the degree of freedom at 4 which is 9.5

Conclusion: The conclusion is that there is positive relationship between capacity development and entrepreneurship performance in Lagos state.

4.1 Discussion of Findings

From hypothesis one, the study shows that capacity development strategies has significant influence on entrepreneurship performance in Lagos state. The results are the same as the findings of Christoplos et al., (2015) who stated that human resource and talent development as the process and efforts employed by an organisation enhance the individual capabilities and entrepreneurship performance. From hypothesis two, the study further demonstrates that there is a positive relationship between capacity development and entrepreneurship performance in Lagos state. The result is the same as the results of Aladejebi (2018); Bylon et al. (2015); Opafunso and Adepoju (2014) and Eighbiremolen and Igberaese

(2013) who reported that entrepreneurship training (ET), has significant relationship on the employment creation of SMEs. It was also found out that information provision (IP) has significant relationship with SMEs' survival rate.

5. Conclusion and Recommendations

The result of this study revealed that capacity development strategies have significant influence on entrepreneurship performance in Lagos state. Findings also show that there is a positive relationship between capacity development and entrepreneurship performance in Lagos state. Observation from further findings revealed that mentorship and coaching contributes to entrepreneurship development in Lagos state. Findings revealed that human resource influences entrepreneurial success in Lagos state. Finally, entrepreneurship training, and information provisions significantly influence SMEs' employment creation capacity.

Based on the summary of findings, the study concluded that capacity development strategies has significant influence on entrepreneurship performance in Lagos state, there is relationship between capacity development and entrepreneurship performance in Lagos state, mentorship and coaching contributes to entrepreneurship development in Lagos state and human resource influences entrepreneurial success in Lagos state. The study also concluded that entrepreneurship training, and information provisions significantly affect SMEs' employment creation capacity and there is positive effect of capacity development on the performance of SMEs in Lagos. From the research findings, it can be concluded that the success/ performance of an SMEs is no longer only within the confines of the services and products it provides, but comprise of the inimitable entrepreneurship characteristics like policies and capacity development strategies it employs that create for it a competitive advantage in its operational industry.

The following are the recommendations at the end of the study.

- i. The report suggests that small and medium-sized enterprises (SMEs) in Lagos, Nigeria do a skills audit to better use their current ICT infrastructure and better align their personnel and process capacity development requirements with their existing skills and talent. The purpose of this is to improve existing systems for mentoring and coaching employees. Through skill transfer agreements in designated areas, skills audits may provide access to a wider range of employees

with a variety of talents that can be utilized to strengthen the capabilities of other employees.

ii. Since many SME owners and workers lack a solid education in international entrepreneurial practices, it is crucial that organizations work together to execute capacity building that would posture Nigerian SMEs for internationalization.

iii. Human resource strategies of SMEs must be consistently refined via trainings, suitable remuneration, and cooperation to enable for SME growth. Human resource methods used by SMEs should be designed in a way that makes it easier for workers to grasp the company's vision and values, which in turn increases productivity.

iv. The demands of the intended recipients, and the informal economy in particular, should be taken into account while planning and carrying out any capacity-building initiatives.

References

- Aladejebi, O. (2018). The impact of the human capacity building on small and medium enterprises in Lagos, Nigeria. *Journal of Small Business and Entrepreneurship Development*, 6(2), 15-27
- Aliyu, D., Tudun, A., & Oladejo, N. (2014). *Research methodology: A process approach*. Lagos: Mukugamu and Brothers Enterprise.
- Amos, A.O., Sanni, Arike, S., & Sariat, A. O. (2018). Appraisal of entrepreneurship capacity development of small and medium enterprises in Nigeria, *Acta Universitatis Danubius*, 14(6), 1-18
- Basheer, A.A., Saeed, M. Z. & Tarabieh, A. (2014). Gaining competitive advantage and organizational performance through customer orientation, innovation differentiation and market differentiation. *International Journal of Economics and Management Sciences*, 1(5), 80-91
- Bylon, A. B., Asiedu-Appiah, F. and Paul, K. O. (2015). Capacity building for entrepreneurship development in Ghana: the perspectives of owner managers. *International Journal of Arts & Sciences*, 8(5), 481–498
- Chinonye, L.E. (2014). *Entrepreneurship a conceptual approach*. Lagos: Pumark Nigeria Limited.
- Christoplos, I., Christie, A., Bergman-Lodin, J., & Hauer, M. (2015). Implementation evaluation of the cooperation strategy with Kenya 2009-2013', commissioned by Sida.
- Christoplos, I., Nilsson, A., Newkirk, J. & Ymeri, S. (2015). Evaluation of results of Sweden's development cooperation strategy Albania, commissioned by Sida.
- Eigbiremolen, G. O. & Igberaese, F. I. (2013). Small and medium enterprises financing and economic growth in Nigeria: An

econometric analysis. *Journal of Economics and Sustainable Development*, 4(19), 154-172.

- John, F. E. & Anthony, C. N. (2015). Capacity building for entrepreneurship education: The challenge for the developing nations. *American Journal of Business Education*, 5(4), 1-8
- Leidel, M., Niemann, S., & Hagemann N. (2016). Capacity development as key factor for integrated water resource management: improving water management in the Western Bug River Basin, Ukraine-IWRM.
- Lim, J., Stratopoulos, T. C. & Wirjanto, T. S. (2015). Sustainability of a firm's reputation for information technology capability: The role of senior IT executives. *Journal of Management Information System*, 30(1), 57-95.
- Morenikeji, S. A. & Oluchukwu, N. B. (2012). Impact of small and medium scale enterprises in the generation of employment in Lagos State. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 1(11), 162-181.
- Murphy, G. & Hill, R. (2015). Measuring performance in entrepreneurship research. *Journal of Business Venturing*, 36 (1), 15-67.
- Nkwe, N. (2012). Role of SMEs in Botswana. *American International Journal of Contemporary Research*, 2(8), 132-149.
- Nwazor, J. C. (2014). Capacity building, entrepreneurship and sustainable development. *Journal of Emerging Trends in Educational Research and Policy Studies*, 3(1), 51-54
- Opafunso, Z. O., Adepoju, O. O. (2014). The impact of small and medium scale enterprises on economic development of Ekiti State, Nigeria. *Journal of Economics and Sustainable Development*, 5(16), 115-122.
- Oreoluwa, A. R. (2011). Small and medium scale enterprises and economic growth in Nigeria: An assessment of financing options. *Pakistan Journal of Business and Economic Review*, 2(1), 124-142.
- Osibanjo, O., Adeniji, A., Falola, H. & Heirsmac, T. (2014). Compensation packages: A strategic tool for employees' performance and retention. *Leonardo Journal of Sciences*, 25(1), 15-18.
- Oyelola, O. T., Ajiboshin, I. O., Raimi, L., Raheem, S. and Igwe, .C. N. (2015). Entrepreneurship for sustainable economic growth in Nigeria. *Journal of Sustainable Development Studies*, 2(2), 197-215.

- Palmer, D., and Kaplan, S. (2007). A framework for strategic innovation. [online] www.innovation-point.com. Available at: <http://www.innovationpoint.com/Strategic%20Innovation%20White%20Paper.pdf> [Accessed 12 September, 2022].
- Qureshi, J. H. (2012). The role of small and medium size enterprise in socio-economic sustainability in Pakistan. *Global Journal of Management and Business Research*, 12(19), 98-117.
- Ringim, K. J., Razalli, M. R. & Hasnan, N. (2014). Moderating effect of information technology capability on the relationship between business process reengineering factors and organizational performance of banks. *African Journal of Business Management*, 6(16), 5551- 5567.