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ABSTRACT

Small and Medium Enterprises (SMEs) in Nigeria have been proven to be essential drivers of advancing the nation's economy. Despite the evident importance of strategic management practices (SMP) in enhancing performance in volatile business environments such as Lagos State, many SMEs continue to experience a high failure rate. Therefore, this study investigates the moderating effect of entrepreneurial risk-taking on the relationship between strategic management practices and SME growth in Lagos, Nigeria. The study was guided by the resource-based view and perceived risk theory while also employing a quantitative cross-sectional research design to gather data via a structured online questionnaire from 262 owners and managers of registered SMEs. The analysis of the data was done using structural equation modeling to test direct and moderating relationships among the variables. The findings of the study revealed that although there is a significant positive relationship between SMPs and SME growth, entrepreneurial risk-taking did not have a direct effect on SME growth. Hence, the study concludes that SMP is indispensable for SME growth and recommends that owners and managers should focus on effectively implementing strategic plans in a disciplined manner while ensuring that risk-taking is calculated in a strategic manner.

Contribution/Originality: This study adds to the existing SME and strategic management research by empirically investigating the moderating effect of entrepreneurial risk-taking in the SMP-growth nexus in a risky emerging economy environment. It presents new findings of a negative moderating effect, which goes against the existing criteria and provides detailed findings to SMEs venturing in high-uncertainty settings such as Lagos, Nigeria.

1. INTRODUCTION

It has been established that the role of SMEs in Nigeria is enormous, with a population of over 232 million persons (Iwuoha & Doeverspeck, 2025; Ogunkan, 2026). SMEs have been known to foster economic growth, economic resilience, and inclusivity, while also helping to combat unemployment and reduce the poverty rate of the nation (Otokiti, Igwe, Ewim, Ibeh, & Sikhakhane-Nwokediegwu, 2022). For emerging economies like Nigeria, SMEs account for about 96% of businesses, contribute 48% to the Gross Domestic Product, and generate 84% of employment opportunities (Olaniyi & Adekanmbi, 2022; Oshinnaike, 2024). Hence, making them a major backbone of wealth creation and economic diversification. The truth remains that the sustainability of a nation like Nigeria is majorly dependent on the sustainability of its SMEs (Oiku, 2024). However, despite their contribution to the Nigerian

economy, SMEs still face several challenges that inhibit long-term survival, growth, and sustainability (Ajuwon, Ajayi, Oshagale, Olagunju, & Fakayode, 2024; Asogwa, Onyekwelu, & Azubike, 2022).

The stark reality of these challenges, which increases the mortality rate of SMEs, is closely connected to inadequate resources (Gloria, 2022), inconsistent government policy (Ajuwon et al., 2024), insufficient infrastructure (Otokiti et al., 2022), a volatile business environment (Ibidunni, Ogundana, & Okonkwo, 2022), and poor management practices of entrepreneurs (Fasanmi, Babatunde, Alabi, Sodeinde, & Adeeko, 2024). One such volatile business environment in Nigeria is Lagos State, even though it has been considered the commercial nerve of Nigeria (Ibidunni, William, & Otokiti, 2024). A state that accounts for over 90% of the economic activities of the nation is constantly faced with unpredictable and inconsistent challenges (Osho & Ojumu, 2024), thereby leading to a high level of uncertainty for many individuals when conducting business activities.

SMEs must continuously contend with uncertainty in the business environment, as they are primarily faced with the devaluation of the Naira (Abang, Nwanne, Amaonye, & Samuel, 2024) high inflation rates (Umoh, 2025), inconsistent economic policies (Omowole, Olufemi-Phillips, Ofodile, Eyo-Udo, & Ewim, 2024), unstable prices of goods and services (Ugwu, Njeze, & Oluka, 2023) and disruptions in supply chain activities (Obokoh & Goldman, 2016). An increase in prices has also led to an elastic demand for products, thereby discouraging consumer spending and distorting price forecasts. COVID-19 did not make this easy, as it exposed more SMEs to external shocks (Adam & Alarifi, 2021). The lockdown and curfews caused the temporary shutdown of many businesses, and when such businesses opened, many could not survive using the old practices. That is, survival and growth were now based on robust strategic management practices.

SMEs' growth is dependent on how well a business can compete and differentiate itself from competitors (Ogbari, Kehinde, & Ogulu, 2023). In emerging economies like Nigeria, innovation ranging from product differentiation by producing quality products to offering these products at a very affordable price is key to ensuring SMEs have a pathway to survival amidst pressures from uncertainties in the market. This makes strategic management an ongoing process for SMEs, with the sole aim of achieving better performance and thereby gaining a market advantage (Iyiola, Alzubi, & Dappa, 2023). The willingness and ability to take calculated risks serve as a defining factor that determines the extent to which these SMEs can sustain growth and remain competitive in the long term (Ogbari et al., 2023).

A study conducted by Shahzad, Khan, Saleem, and Rashid (2021) found that, out of 582 million entrepreneurial firms in the world, about 22% of them fail within the first year. This is in line with the study conducted by Akinlesi (2025) that stated that over 50% of SMEs fail within the first year, and one-fifth fail within the first five years. Given this high attrition rate, SMEs struggle to develop risk management strategies to navigate operational challenges, competitive pressure, and market volatility in managing uncertainties. The concept of risk in entrepreneurship entails both a threat of loss and uncertainty regarding outcomes (Moloi & Marwala, 2023). Historically, SME owners have been regarded as risk-takers, but there remains little understanding of how they balance their opportunity against the possibility of loss and business survival (Tipu, 2017). This gap has been the subject of academic interest, underscoring the need for a deeper understanding of entrepreneurial risk-taking and its impact on SME survival.

Previous studies have shown that SMEs in Nigeria operate in a dynamic business environment, which has increased their exposure to uncertainty (Emmanuella, 2025; Otokiti et al., 2022). These studies have also recognised the role of strategic management practices in improving the firm's resilience. However, despite this, many SMEs continue to experience failure. Past studies have also shown the individuality of accessing entrepreneurial orientation on SME performance (Kowo & Akanmu, 2021; Okoli, Nwosu, & Okechukwu, 2021), while little attention has been focused on the moderating role of risk-taking behaviour in the relationship between SMP and SMEs' growth in Nigeria's business hub. Hence, this topic's main objective is to assess the moderating role of risk-taking on the relationship between SMP and SME growth in Lagos, Nigeria.

2. LITERATURE REVIEW

2.1. Theoretical Underpinnings

Serving as the theoretical foundation of this research are the theory of perceived risk and resource-based theory. This is particularly useful because of its peculiarity in connecting the study variables. Perceived risk theory simply suggests that an entrepreneur's behaviour in response to happenings in the business environment is not determined by the level of risk, but by how much the entrepreneur perceives the actual situation (Slovic, Fischhoff, & Lichtenstein, 1980). This means that, when faced with the same situation, different individuals would react in different ways. This can be because of trust, social norms, and the nature of the risk involved. For SME owners, this theory can be applied to understand why entrepreneurs, SME owners, and managers either seek to face risk directly or try to avoid it (Dansu, Olubusade, & Shomuyiwa, 2025). The fact remains that the risk-taking predisposition of these entrepreneurs lies in their capacity to identify, evaluate, and manage potential threats and prospective risks as they address different challenges while conducting business activities (Weyman, Pidgeon, Walls, & Horlick-Jones, 2006). At the end of the day, their perceived risk affects decision-making, strategic planning, investment, and other management practices that they choose as survival and growth strategies.

At the same time, resource-based theory helps augment perceived risk theory by focusing on how SMEs' internal assets and adaptive capabilities influence overall organisational performance and the achievement of competitive advantage (Barney, 1991, 2021). This theory states that firms' ability to increase performance and market share is largely due to their capacity to leverage their assets (Rodrigues, Franco, Silva, & Oliveira, 2021). Such assets must be superior, rare, inimitable, and non-substitutable. Unlike products or processes, a firm's specific characteristics and personnel talents offer a durable basis for ensuring competitive advantage. For SMEs in Nigeria, leveraging these tangible assets and intangible capital is vital for establishing and implementing efficient SMP that improve operational efficiency, profitability, survival, and sustainability (Emeneka & Okerekeoti, 2022). Together, these two theories form a robust foundation for assessing how risk-taking helps influence the relationship between SMP and SME survival.

2.2. SME Growth

Over the past few decades, SMEs have been known to operate in domestic markets, away from international competition and bigger multinational firms (Darcy, Hill, McCabe, & McGovern, 2014). During the COVID-19 pandemic, several small businesses in Nigeria struggled to sustain their businesses, leading to some going out of business (Akingbade, 2021). One major strategy used by other businesses was to take advantage of the digital landscape. The emergence of the internet obliterated such barriers, forcing SMEs to compete globally to survive. The new shift demands that SMEs break away from traditional practices, find innovative ways to compete both locally and internationally, and ensure long-term success and remain viable.

About the unique characteristics of SMEs that might influence their growth and survival, Thi (2022) noted that firms must focus on market selection, return on sales, and government support to be able to survive while controlling for firm-specific and industrial factors. Ifekwem and Adedamola (2016) stressed that the size of the firm must be considered, while Félix and Dos Santos (2018) believed that the higher the number of years of existence, the better the survival rate of the firm. Additionally, Amoah and Amoah (2018) noted that SMEs with a higher number of employees are more likely to grow positively. Other authors also viewed the success of an SME as related to the sector in which such a business is situated (Kakooza, Tusiime, Namiyingo, Nabwami, & Basemera, 2023; Kozielski, 2019; Ogujiuba, Olamide, Agholor, Boshoff, & Semosa, 2022). Other authors opined that SMEs in remote areas are more likely to survive compared to those in urban regions, which would not just survive but grow (Ogujiuba et al., 2022).

2.3. Strategic Management Practices and SME Growth

An effective management practice is crucial for SMEs, as it helps facilitate a swift response to the dynamic environment and sustain long-term success and business growth. However, its implementation may face a major drawback from the owner or manager, which may be due to time management, a lack of formal organisational skills, or a lack of trust in external advice (Gure & Karugu, 2018). Eventually, the choice of the chosen strategy is largely influenced by the owner's vision, values, and personal experiences, making their management skills and creative capacity major contributors to the performance of the business. To overcome constraints in resources, SMEs are continuously urged to build collaboration and innovative strategies (Deakins & Bensemann, 2019).

One such strategy is the low-cost defender strategy (Indrawati, Caska, & Suarman, 2020). When adopted, organisations will cut organizational costs, increase sales, have several growth opportunities, and expand their customer base, etc. These factors will enable stability in the performance of SMEs, thereby resulting in success in the organisation's business survival. Once SMEs identify competition in their market environment, they change the price of their product to make it easy to reach their target market. Utilizing cost leadership is an effective strategic choice for improved performance for manufacturing firms, according to a study conducted by (Kharub, Mor, & Rana, 2022).

To make the Differentiation strategy work, businesses must take into consideration the premium price to ensure the charge is sufficient to cover the costs of concentrating on the selected attributes (Isnawati et al., 2024). Differentiation when it comes to service quality is more difficult than differentiation in product quality, since services are provided by people (Chenet, Dagger, & O'Sullivan, 2010). It requires constant input from employees to make service differentiation work, whether they are proactively delivering services or responding to client concerns (Gureja, 2025). Finding and developing talented personnel is the first stage. Employees, being human, may experience personal and work-related circumstances that can occasionally hinder their ability to consistently deliver high-quality service (Malik, Budhwar, Mohan, & Srikanth, 2023). For SMEs to differentiate their products from those of the competition, companies that use a differentiation strategy will need technology, assets, and knowledgeable employees (Agustian, Pohan, Zen, Wiwin, & Malik, 2023). In certain circumstances, SMEs provide clients with the resources they need to apply for or use services on their own.

Product strategy is important because the firm's team is stronger at executing its finest work when the company develops and conveys a simple and well-defined product or service plan to its organisation. The firm will be able to understand how these products or services fit into the company's larger strategic goals (Gaiardelli et al., 2021). The business that develops these products or services may get caught up in the specifics and lose sight of the overall goal of its work, which a product plan makes clear for it. SMEs' marketing and sales departments will be able to explain the features and advantages, as well as their unique selling proposition (Oduro & Mensah-Williams, 2023). It's difficult to build anticipation and sales without a clear plan behind a product. So, SMEs are expected to have a clear plan behind their products or services to build anticipation, sales, and attract investors. Once stakeholders support these small businesses' proposal for their new business idea, which has just been developed, these SMEs will then develop a high-level action plan for the product or services that they have developed. However, past studies have shown that many new products fail early in the product life cycle because of poor market analysis, regulatory risk, and late market entry.

Also, SMEs can sustain competitive advantage through a competitively focused strategy by developing customer intimacy (Galli-Debicella, 2021). SMEs can foresee what their customers want, however they want it, whenever they want it, and, therefore, most importantly, how SMEs can solve it for them when concentrating on customer intimacy. This strategy contributes to improved consumer loyalty and confidence (Al Karim, Alam, & Al Balushi, 2024). It has the potential to encourage that same customer to make additional purchases. It may also result in more referrals and new customers, and this will lead to the firm's profitability. In the Nigerian context, many SME executives perceive the use of multiple media channels as essential for promoting and selling their products (Oyekan, 2022). However, a more strategic and resource-efficient approach involves concentrating on a limited number of advertising platforms.

Given the constraints typically faced by SMEs, such as limited financial resources, time, and human capital, focusing on a few well-selected media channels enables firms to optimise their marketing efforts and achieve greater effectiveness. SMEs can decide where to advertise their company's brand depending on where their customers are in relation to purchasing their product or service.

Past literature highlights that the potential of a firm to successfully implement competitive, focused strategies towards innovation is critical to improving business performance, especially among SMEs (Farida & Setiawan, 2022). This shows that superior market performance would allow a firm to outcompete its rivals by having a higher level of market share and market revenue.

This performance is demonstrated through speedy exploitation of market opportunities (Liu & Atuahene-Gima, 2018), customer satisfaction (Hajar et al., 2022), customer loyalty, service delivery (Phung, Pham, & Tran, 2025), and the acquisition of new customers (Nyamweya & Osieko, 2022). Recent studies on these strategic practices have mostly targeted larger firms such as listed firms (Egbuhuzor, Akoba, & Chukwu, 2021; Olubiyi, 2023; Shodiya, 2021), thus leaving a major gap in understanding SMEs in Nigeria.

Literature already indicates that SMPs are significant for the survival of SMEs, as they set up a systematic approach towards analysis, planning, and operational control (Molete, Mokhele, Ntombela, & Thango, 2025). However, in the dynamic and volatile context of Lagos, Nigeria, the availability of these practices may not be sufficient for entrepreneurs to make decisions. It is at this point that risk-taking becomes pivotal in its moderating effect. Risk-taking does not give SMPs their structure, but it acts as a catalyst that can help trigger and multiply their effectiveness. Risk-taking entails the willingness and ability to commit resources to strategic initiatives when the outcomes are uncertain.

A firm may possess the most appropriate SMPs but have a low-risk propensity and end up paralysed by over-analysis, thus failing to seize very important market opportunities. In the same way, a high propensity without the discipline provided by SMPs will lead to disastrous decisions. Therefore, risk-taking moderates the relationship by determining the execution and ambition of strategic decisions. In other words, SMPs give the map, while risk-taking provides the thrust needed to navigate through the turbulent business terrain.

2.4. Entrepreneurial Risk-Taking and SME Growth

Past studies have noted that risk is an inherent part of the business environment, and the management of risk is crucial for SMEs to avoid failure. Research also indicates that the relationship between risk-taking and organisational performance is complex, as there are two sides to the coin: whether the effect will be positive or negative, the skill of an entrepreneur is a prerequisite for SME success. This means that for SMEs to grow and survive, entrepreneurs and business owners must be able to accept risk and consciously integrate risk management into their overall planning and operational activities to get a comprehensive understanding of the business environment (Agustina, 2021; Moloi & Marwala, 2023). Risk and entrepreneurship are two inseparable terms; entrepreneurs are either risk-takers or risk-avoiders (Sharma, 2021). Hence, the risk management system is an integrated framework of policies and practices designed to help businesses identify, assess, and address potential threats, thereby enabling them to achieve overall business objectives more efficiently and effectively (Balaji, Shreshta, & Sujatha, 2024; Moloi & Marwala, 2023).

A study conducted by Fajarika, Trapsilawati, and Sopha (2024) compared developed and developing countries' influential entrepreneurial factors.

For developed nations, it was deduced that the focus was more on entrepreneurial orientation, which comprised risk-taking, proactiveness, and innovativeness. While developing nations were more concerned with entrepreneurial orientation, which consisted of just innovativeness and knowledge. The distinguishing factors among the compared nations tell a lot about their end results.

Over the past few years, studies have shown multiple dimensions of risk-taking, as it helps SMEs to be more innovative and agile, get the most out of new opportunities, and gain a competitive advantage (Ferreira, Cardim, &

Coelho, 2021). Risk management has been said to have a positive impact on financial performance in SMEs (Syrová & Špička, 2022) and overall SME performance (Sorana & Joensuu-Salo, 2023). Even with its positives, Kreiser, Marino, Dickson, and Weaver (2010) study found that risk-taking displays a predominantly negative relationship with SME performance. This was validated by the study of Dahlan, Priyana, and Syam (2023), which concluded that risk-taking has a weaker impact on SME growth and performance.

The above discussion establishes entrepreneurial risk-taking as a necessary trait for the growth of SMEs. Since a willingness to venture into the unknown is the hallmark of entrepreneurship, unguided risk can only lead to failure, as is evident in the mortality rates of SMEs in volatile business environments such as Lagos. Hence, the following are the hypothesis statements for the study in null form.

H₀₁: Strategic management practices have no significant effect on SME growth.

H₀₂: Entrepreneurial risk-taking has no significant effect on SME growth.

H₀₃: Entrepreneurial risk-taking does not significantly moderate the relationship between SMP and SME growth.

3. METHODOLOGY

The study used a quantitative, cross-sectional survey design to explore the moderating role of entrepreneurial risk-taking in the relationship between SMP and SME's growth. This research design was deemed suitable as the data were collected at a single point in time, allowing for the examination of the hypothesised relationships among variables within a naturally occurring context (Saleh & Manjunath, 2023).

The study's target population comprised owners and managers of SMEs registered and operational in Lagos State, Nigeria. This amounted to 11,663 SMEs from the last official count by the Small and Medium Enterprises Development Agency of Nigeria.

Using the Yamane (1967) sampling size determination formula for a finite population at a 5% margin of error, the determined sample size was 387. The study also used a simple random sampling technique and a purposive sampling technique to ensure that only managers or owners of SMEs were administered the questionnaire due to their strategic knowledge of the subject matter. However, only 261 responses were received from the online survey administered.

The primary data were retrieved using a structured questionnaire divided into four sections. Section A captured demographic data; Section B measured strategic management variables covering dimensions such as low-cost defender strategy, differentiation strategy, product strategy, and competitive-focused strategy. Section C measured entrepreneurial risk-taking, which assessed the propensity with which strategic leaders take calculated risks while conducting business. Lastly, Section D measured SME growth using metrics such as profitability, market share, sales revenue, and business survival.

Partial Least Squares was adopted to test the null hypothesis, which investigated the moderating role of entrepreneurial risk-taking capability in the relationship between strategic management practices and SME growth. The analysis was carried out using four dimensions of strategic management practice (low-cost defender strategy, organic business strategy, product strategy, and competitive-focused strategy) as independent constructs. Also, the four dimensions of SME growth (market growth, operational performance, profitability, and business survival) were used as dependent constructs, and entrepreneurial risk served as the moderating variable. All the observed variables' indicators were rated on a scale of 1 to 5.

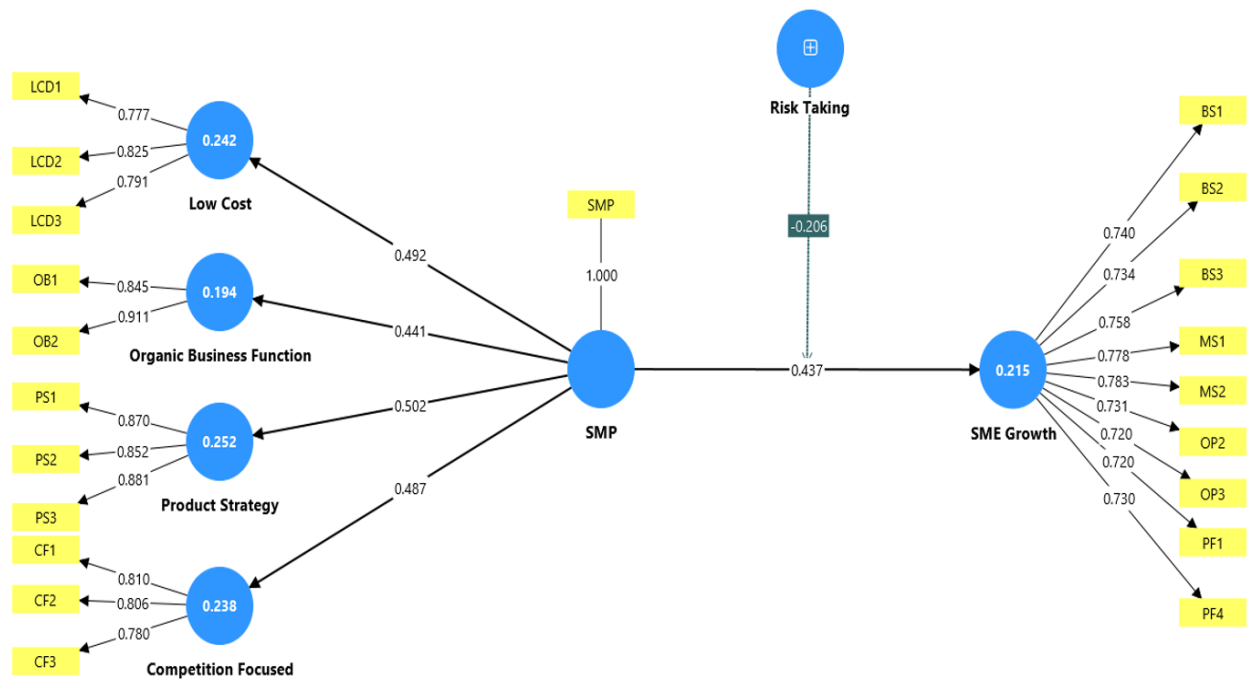


Figure 1. PLS Algorithm of Strategic Management Practices (SMP), Risk Taking and SME Growth.

4. DATA ANALYSIS

Figure 1 reveals the PLS algorithm model of Strategic Management Practices (SMP), risk-taking, and SME growth, with loading values, path coefficient values, and R-squared values.

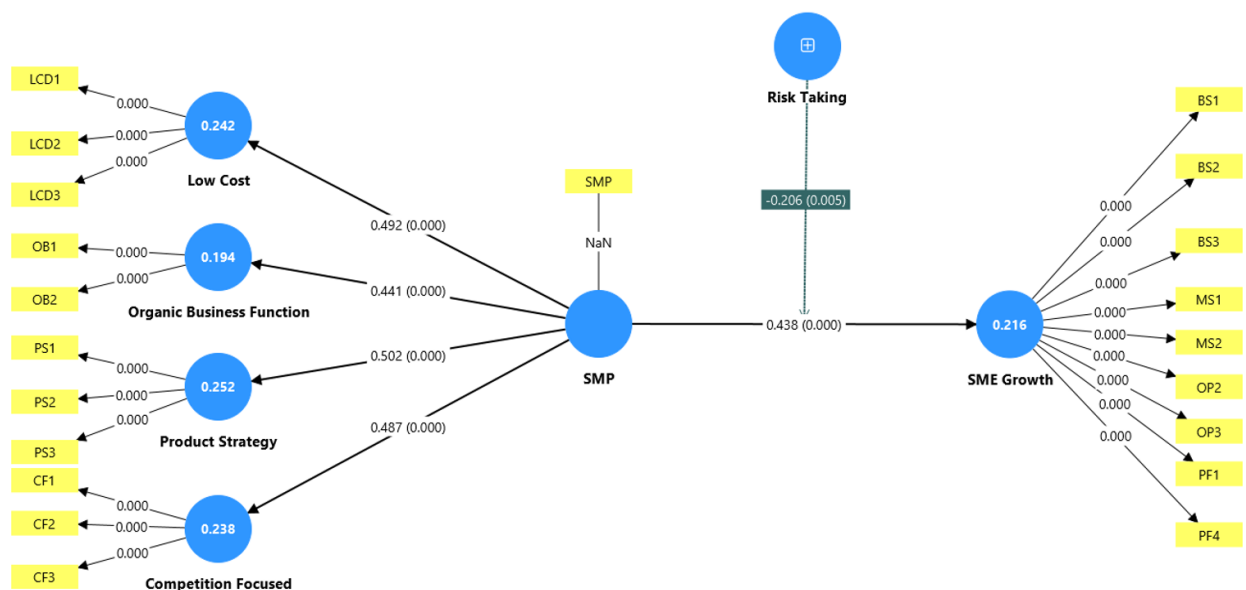


Figure 2. PLS Bootstrapping Model with β and P values of Strategic Management Practices (SMP), Risk Taking and SME Growth.

As shown in Figure 2, the p-value is the measure that shows the level of probability. It should be noted that the probability should be less than 0.05 to be significant, whereas t-statistics are the measures that show differences measured in standard errors. As shown in Figure 2, all the items of measurement of Management Practices (SMP), Risk Taking, and SME Growth, as depicted in the research instrument, are significant at a p-value < 0.05 . The implication is that all the measurements are significant. Therefore, strategic management practices have a significant influence on SME Growth.

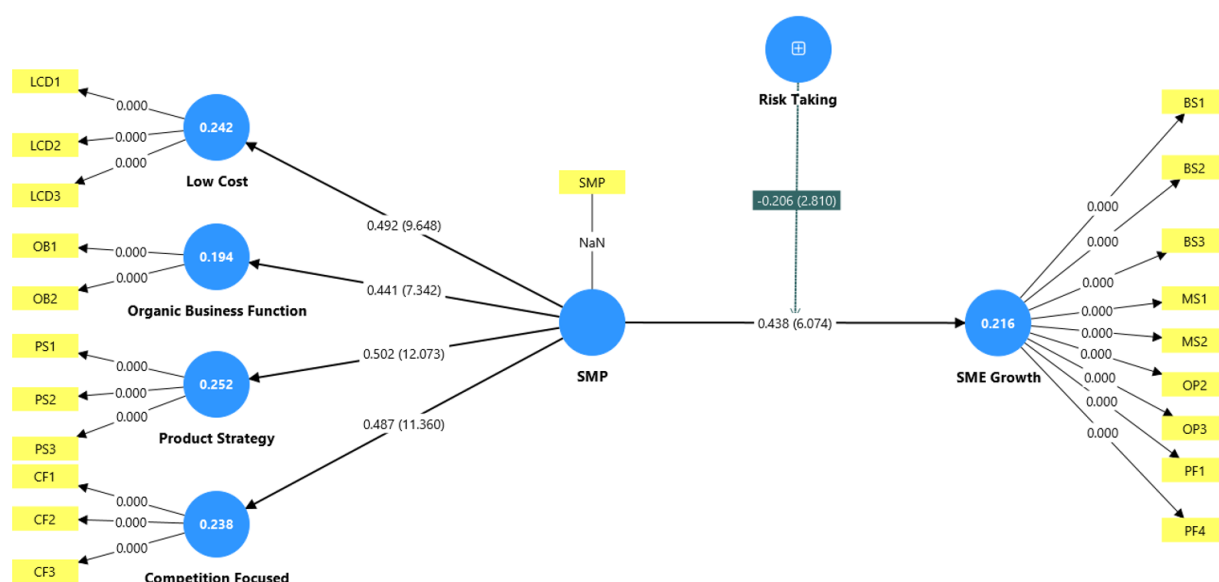


Figure 3. PLS Bootstrapping Model with β and T values of Strategic Management Practices (SMP), Risk Taking and SME Growth.

Also, Figure 2 shows that the t-statistics presented in Figure 3 depict the calculated differences represented in units of standard error. All the t-statistic values are above 1.96. This further indicates that Strategic Management Practices and Entrepreneurial Risk Taking contribute significantly to SME Growth.

Table 1. Factor Loadings.

Loadings	Outer Loadings Loading	P Value	Cronbach Alpha	Composite Reliability	AVE
Constructs	≥ 0.7	<0.05	≥ 0.7	≥ 0.8	> 0.5
Strategic Management Practices (SMP)					
LCD1	0.777	0.000	0.715	0.840	0.637
LCD2	0.825	0.000			
LCD3	0.791	0.000			
OB1	0.845	0.000	0.710	0.871	0.772
OB2	0.911	0.000			
PS1	0.870	0.000			
PS2	0.852	0.000	0.836	0.902	0.753
PS3	0.881	0.000			
CF1	0.810	0.000			
CF2	0.806	0.000	0.836	0.842	0.638
CF3	0.780	0.000			
Risk Taking			0.600	0.897	0.720
SME Growth			0.905	0.918	0.554
BS1	0.740	0.000			
BS2	0.734	0.000			
BS3	0.758	0.000			
MS1	0.778	0.000			
MS2	0.783	0.000			
OP2	0.731	0.000			
OP3	0.720	0.000			
PF1	0.720	0.000			
PF4	0.730	0.000			

Table 1 shows the loadings of variables for all the factors as presented in the instrument. This includes the outer loadings, composite reliability, average variance extracted (AVE), and Cronbach's alpha. All of these were used to confirm the validity and reliability of the research instrument. From the analysis, Table 1 shows that the factor loading, composite reliability, AVE, and Cronbach's alpha conditions were met. Convergent and discriminant validity

were also established to be considered in determining construct validity. The thresholds of the individual measurement item factors are above the recommended thresholds. Consequently, the variance in all the items is significant. In addition, the research also equated AVE and squared correlations of each of the constructs in calculating discriminant validity. The AVE of the latent variable has a higher value than the squared associations between the latent variable and the model constructs.

Table 2. Path Coefficients for Strategic Management Practices, Risk-Taking and SME Growth.

Variables	Path Coefficient	Std. Dev.	f-square	T Statistics	P Values
Direct Effects					
Strategic Management Practices -> SME Growth	0.437	0.072	0.238	6.074	0.000
Risk-Taking -> SME Growth	0.080	0.053	0.008	1.515	0.130
Moderating Effect -> SME Growth	-0.206	0.073	0.060	2.810	0.005
Model Summary	R ²				
SME Growth	0.216				

Table 2 shows the path coefficients for the relationships among the key variables. Here, a direct significant relationship was found between SME Growth and strategic management practices ($\beta = 0.437$, t -statistics = 6.074 > 1.96, p -value < 0.05). The β value of 0.437 indicates that there is a strong relationship largely between strategic management practices and SME Growth. However, it was also found that entrepreneurial risk-taking was not significantly related to SME Growth ($\beta = 0.080$, t -statistics = 1.51 < 1.96, p -value = 0.130 > 0.05). The value of 0.080 for the path coefficient indicates a weak connection between risk-taking and SME performance. The results also show the moderating role of risk-taking in the relationship between SMP and SME growth ($\beta = -0.206$, t -statistic = 2.810 > 1.96, p -value < 0.05). The negative path coefficient implies that the moderator undermines the positive correlation between SMP and SME growth.

5. DISCUSSION

The study aimed to examine the moderating effects of risk-taking behaviours on the relationship between strategic management practices and SME growth in Lagos, Nigeria. From the assessment, the study proposed to draw conclusions about its findings as discussed below.

5.1. The Importance of Strategic Management Practices on SME Growth

The outcome of this showed a strong, direct, and significant positive effect between strategic management practices and SME growth. This validates the basic assumption made in this study and is largely consistent with the Resource-Based View (RBV) theory, implying that SMEs in Lagos that adopt these strategies can effectively exploit their intangible interior advantages and successfully attain growth. This is also validated by past studies that stated that systematic strategic planning can enable firms to map out a clear course of action for dealing with competitiveness, thus resulting in improved efficiencies and outstanding market performance (Farida & Setiawan, 2022; Kharub et al., 2022). It should be noted that the dynamic business environment prevalent in Lagos makes it resolutely imperative for small businesses to have a clearly defined strategic orientation.

5.2. The Insignificant Direct Relationship Between Risk-Taking and SME Growth

Contrary to traditional entrepreneurial practices, this research reveals that entrepreneurial risk-taking does not have a significant direct effect on SME growth. This means that, without a clear foundation, mere risk-taking is inadequate for growth prowess. Rather, it can be hazardous for SMEs. This is clear if one considers Perceived Risk Theory, which clearly highlights that it is not the risk but rather how the risk is managed by entrepreneurs that matters. Indeed, this shows that, without careful planning for growth or in an unstable environment such as Lagos,

mere risk-taking can easily amount to SME failure. This is especially because SME failure is relatively high in Lagos, as seen in the literature (Akinlesi, 2025). The result herein is also validated by the study of Dahlan et al. (2023) and Kreiser et al. (2010) which stated that risk-taking would always have a negative effect on SME performance.

5.3. The Significant Negative Moderating Effect of Risk-Taking

One of the most important findings this study presents is that risk-taking has a significant negative moderating effect on strategic management practices and SME growth. What this means is that having a high risk-taking propensity does not enhance SMPs' effects on SME growth, but impedes them instead. This shows that if SME owners tend to have a high propensity for risk-taking, it might prove to be a factor for deviation from properly strategized SME plans. Hence, SMPs might just prove to be an analytical means for SME management to arrive at a rational decision. However, a high propensity for risk-taking might prove this particular trait for entrepreneurs to be overly ambitious about objectives that lie outside the strategic plans. At this point, it can be argued that this "thrust," which is supposed to be developed by risk-taking, instead proves to be disruptive for SMEs operating in Lagos, disrupting SME stability. This has led to a critical gap in the literature, demonstrating that the interplay between SMP and risk is not merely an addition but is complex and potentially counterproductive if not properly balanced by the entrepreneurs.

6. CONCLUSION

In conclusion, it can be confirmed that strategic management practices have been found to play a major role in terms of SME growth in Lagos, Nigeria. Likewise, the role of entrepreneurial risk-taking is far more complex than envisaged. Risk-taking is clearly necessary for entrepreneurs, but it is not a significant determinant of SME growth. Most importantly, it can hinder the implementation and effectiveness of strategies. Therefore, the best way SMEs can grow and survive in this dynamic business environment is to rely on their practices. That is, owners should focus on implementing a structured strategic management practice and adopt a cautious, calculated approach to risk-taking to experience SME growth. The study adopted a cross-sectional research design by collecting data at a single point in time and concentrated exclusively on SMEs situated in Lagos, Nigeria. Although this provides a glimpse of the relationship between variables, with Lagos being a rich context for study with its unique business environment, it can still be limited in terms of capturing long-term dynamics over different business cycles and multiple locations. Hence, further study can employ a longitudinal research design and an expanded geographical scope.

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Informed Consent Statement: Informed verbal consent was obtained from all participants prior to data collection. All data were anonymized to protect participants' confidentiality.

Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

Competing Interests: The authors declare that they have no competing interests.

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