The Impact of Anticipating Challenges and Adaptation Strategies on SME Performance in Delta State, Nigeria

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ABSTRACT

This study examines the impact of proactive orientation on the performance of Small and Medium-Sized Enterprises (SMEs) in Delta State, Nigeria, with a focus on two key proactive behaviors: Anticipating Challenges and Threats (ACT) and Learning and Adaptation (LA). Using a sample size of 390 SMEs across various sectors in Delta State, the study investigates how these proactive behaviors influence SME performance in terms of growth, competitiveness, profitability, and sustainability. A quantitative research approach was adopted, utilizing structured questionnaires to collect data from SME owners and managers on their proactive strategies and corresponding business outcomes. The findings reveal that both ACT and LA significantly enhance the performance of SMEs in Delta State. SMEs that proactively anticipate potential challenges and threats are better equipped to mitigate risks and maintain operational continuity, thereby enhancing their resilience in the face of external shocks. Similarly, SMEs that engage in continuous learning and adaptation processes are more flexible, innovative, and responsive to changes in the market, which significantly contributes to improved business performance and long-term growth. The study recommends that SME owners and managers in Delta State should focus on developing strategies to anticipate potential market challenges and invest in continuous learning and adaptation processes. This would involve creating systems to assess and respond to environmental changes and adopting innovative approaches to problem-solving and growth.In terms of contributions to knowledge, this study provides empirical evidence that proactive behaviors, specifically ACT and LA, are crucial for enhancing SME performance in a developing economy such as Nigeria.

Keywords: Anticipating Challenges, Learning and Adaptation, Proactive Orientation, Small and Medium-Scale Enterprises

1. INTRODUCTION

Proactive orientation as a strategic behavior entails taking actions that anticipate future opportunities or problems rather than merely reacting to them. Several studies have argued that proactive firms tend to perform better as they are more inclined to set clear goals, make plans to achieve them, and adapt to changing circumstances (Avram & Kühne, 2008). In Nigeria, the significance of proactive orientation is magnified due to the dynamic nature of the business environment, characterized by unpredictable changes in government policies, inflation rates, and foreign exchange fluctuations (Pertheban et al., 2023). In this context, Goal Setting and Planning (GSP) become essential. GSP provides a framework through which SMEs can formulate a strategic direction, anticipate resource needs, and establish measurable performance targets (Liu et al., 2020). As SMEs in Nigeria often lack the formal structures of larger firms, a well-articulated planning process can help these firms navigate uncertainties and enhance their competitive advantage (Pertheban et al., 2023).

Similarly, Initiative Taking (INT) is an essential component of proactive orientation that is linked with innovation and risk-taking behavior (Cao, 2013). SMEs with high levels of initiative taking are more likely to explore new markets, diversify their product offerings, and engage in entrepreneurial activities that improve business outcomes. Research has highlighted that initiative-taking behavior in SMEs promotes both internal innovation and external adaptability, thus improving long-term performance (Rialti et al., 2019). In the Nigerian context, this proactive behavior is vital for overcoming the challenges posed by inadequate

infrastructure, limited access to capital, and poor regulatory frameworks, all of which disproportionately affect SMEs (Ibrahim & Abu, 2020). The ability of SMEs to take the initiative and create new opportunities, despite these external pressures, can therefore be a decisive factor in their success or failure.

Anticipating Challenges and Threats (ACT) is another pivotal dimension of proactive orientation. Firms that are capable of identifying and preparing for potential risks tend to exhibit better resilience and performance (Cainelli & Janissek-Muniz, 2025). This ability is especially crucial in the context of SMEs in Nigeria, where unpredictable events such as political instability, natural disasters, and economic downturns can severely disrupt operations (Onu et al., 2022). Studies have shown that organizations that actively engage in risk management strategies, such as scenario planning and contingency measures, are better equipped to weather external shocks (Marcazzan et al., 2022). In the case of SMEs in Delta State, anticipating challenges and threats may involve assessing local market dynamics, government policies, and socio-political factors that could affect business continuity and growth (Pertheban et al., 2023). As SMEs often lack the resources to absorb large-scale disruptions, early identification and mitigation of potential threats can significantly enhance their survival and profitability.

Learning and Adaptation (LA) are essential processes for SMEs aiming to thrive in fast-paced and competitive markets. A proactive firm recognizes the importance of learning from past experiences and adapting to new information. In Nigeria, where SMEs often face fluctuating demand patterns and changing consumer preferences, the ability to learn and adapt is vital. SMEs that integrate learning into their strategic processes are more likely to introduce innovative products, refine their business models, and enhance operational efficiency (Pertheban et al., 2023). Furthermore, the ability to adapt to technological advancements and evolving market conditions is crucial for SMEs that aim to maintain their competitive edge (Munawaroh et al., 2024). Studies have found that learning-oriented SMEs exhibit higher levels of resilience and performance (Faiz et al., 2024). In the Nigerian context, this can be particularly beneficial as SMEs need to leverage local and global trends to remain relevant in an ever-changing business environment.

In the specific case of Delta State, Nigeria, SMEs face unique challenges and opportunities that require a tailored approach to proactive orientation. The state's economic structure is heavily reliant on agriculture, trade, and small-scale manufacturing, with SMEs playing a crucial role in job creation and economic development. However, these businesses often encounter a series of hurdles, including inadequate access to finance, poor infrastructure, and inconsistent government policies. Given these challenges, it is essential for SMEs in Delta State to adopt proactive strategies such as GSP, INT, ACT, and LA to improve their business outcomes. For instance, studies have shown that SMEs in the region that engage in strategic planning and goal setting are more likely to secure funding from investors and lenders, as they demonstrate preparedness and direction (Ibrahim & Abu, 2020). Similarly, businesses that take the initiative to diversify their products and services or explore new markets tend to outperform those that adopt a reactive strategy (Rialti et al., 2019).

Empirical studies have demonstrated a positive relationship between proactive behavior and SME performance, but much of the existing research focuses on larger firms or firms in developed economies (Faiz et al., 2024). This creates a gap in understanding the specific ways in which proactive orientation impacts SMEs in the Nigerian context. While scholars have acknowledged the importance of factors such as goal setting, planning, initiative taking, and risk anticipation, there is a need for more granular research that considers the interactions between these variables and their collective impact on performance. For instance, a study by Liu et al. (2020) found that goal-setting and planning had a direct positive impact on business performance, but the effect was stronger when combined with a proactive stance on innovation and market exploration. Likewise, Ibrahim & Abu (2020) found that Nigerian SMEs that anticipated potential threats and challenges were more likely to survive and expand despite economic downturns.

Given the growing significance of SMEs to the Nigerian economy and their potential for economic development in Delta State, understanding the role of proactive orientation becomes crucial. There is a growing recognition among policymakers and researchers that SMEs need to embrace strategic behaviors to enhance their competitive advantage and resilience in the face of adversity (Onu et al., 2022). As such, this study aims to bridge the gap by examining the impact of proactive orientation, measured through ACT, and LA, on the performance of SMEs in Delta State. By focusing on this region, the research will provide valuable insights into how proactive behaviors can enhance the sustainability and success of SMEs in a developing country, offering actionable recommendations for both business owners and policymakers.

This research is timely as it aligns with global discussions on the importance of proactive business strategies for fostering innovation, resilience, and sustainable development in SMEs (Schunk & DiBenedetto, 2020). Understanding the drivers of SME performance in Delta State will not only contribute to the academic literature but will also provide practical implications for SMEs and government agencies seeking to improve the business environment. As SMEs continue to play a vital role in the economic transformation of Delta State and Nigeria at large, proactive orientation emerges as a strategic tool that can help businesses thrive amidst the challenges they face.

The performance of small and medium-scale enterprises (SMEs) in developing economies like Nigeria remains a subject of considerable interest and concern. In Delta State, Nigeria, SMEs play a crucial role in economic development by contributing to job creation, poverty reduction, and the stimulation of local economies. However, despite their significance, many SMEs in the region struggle to achieve sustainable growth and competitive advantage, largely due to external environmental challenges and internal resource constraints. Proactive orientation, characterized by initiative taking (INT), anticipating challenges and threats (ACT), and learning and adaptation (LA), is widely acknowledged as a key determinant of business performance (Avram & Kühne, 2008; Liu et al., 2020). However, the extent to which these dimensions of proactive orientation influence the performance of SMEs in Delta State, Nigeria, remains underexplored.

Existing studies on SME performance in Nigeria have often focused on individual factors such as financial management, innovation, and market orientation (Pertheban et al., 2023). While these studies provide valuable insights, they fail to integrate the comprehensive framework of proactive orientation, which incorporates ACT, and LA, and its collective impact on SME performance. Additionally, there is a lack of empirical evidence on how these proactive behaviors interact in the specific context of SMEs in Delta State, which presents unique challenges such as inadequate infrastructure, political instability, and limited access to finance (Onu et al., 2022). Most research on proactive orientation in SMEs tends to focus on more developed economies or larger organizations, leaving a significant gap in understanding how such behaviors translate to performance outcomes in the context of a developing country like Nigeria (Rialti et al., 2019).

Furthermore, while the importance of proactive strategies in driving innovation, resilience, and sustainable development is well-documented globally (Liu et al., 2020), the specific role of proactive orientation in improving SME performance in Nigeria's dynamic business environment remains under-researched. The combination of goal setting, planning, risk anticipation, initiative-taking, and adaptation to change could provide the critical advantage needed by SMEs to overcome the operational challenges they face. This research aims to fill this gap by examining the influence of proactive orientation, encapsulated in ACT, and LA, on the performance of SMEs in Delta State, Nigeria.

2. LITERATURE REVIEW

2.1. Theory of Planned Behavior

The Theory of Planned Behavior (TPB), introduced by Ajzen in 1991, posits that human behavior is determined by behavioral intentions, which are influenced by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). TPB is particularly relevant to understanding proactive orientation because it highlights how intention and perceived control drive actions like initiative-taking (INT) and anticipating challenges and threats (ACT). In SMEs, entrepreneurs' attitudes toward proactive planning and their perceptions of control over external challenges significantly shape their ability to act proactively. For example, perceived behavioral control enables SME owners in Delta State to anticipate market risks and devise strategies to mitigate them. This aligns with findings from Fishbein & Ajzen (2011) and Kautonen et al. (2015), who demonstrated that entrepreneurial intentions rooted in proactive behaviors enhance organizational performance. In Delta State, TPB serves as a framework to explain how personal attitudes and external factors influence SMEs' ability to thrive in an uncertain environment.

2.2. Achievement Goal Theory

Achievement Goal Theory (AGT), developed by John Nicholls in the 1980s, focuses on the motivational aspects of behavior, emphasizing mastery and performance goals as key drivers of achievement (Nicholls, 1984). Mastery goals involve a focus on self-improvement and competence development, while performance goals are concerned with outperforming others. For SMEs, AGT underscores the importance of setting

achievement-oriented goals to drive behaviors like GSP and INT. Mastery-oriented entrepreneurs are more likely to engage in learning and adaptation (LA) as they strive to improve their competencies in response to environmental changes. Research by Wang & Degol (2016) demonstrates that mastery goal orientation fosters proactive behaviors, innovation, and resilience, which are essential for SME performance in Delta State. The theory provides insights into how the motivation to achieve competence influences proactive strategies, enabling SMEs to adapt and remain competitive.

2.3. Self-Determination Theory

Self-Determination Theory (SDT), formulated by Deci and Ryan in the 1980s, focuses on the role of intrinsic and extrinsic motivation in shaping behavior (Deci & Ryan, 1985). SDT identifies three fundamental psychological needs: autonomy, competence, and relatedness, which drive individuals to engage in self-determined and proactive behaviors. In the context of SMEs, the fulfillment of these needs motivates business owners and managers to take initiative (INT), anticipate challenges (ACT), and engage in adaptive learning (LA). For example, intrinsic motivation stemming from the desire for autonomy and competence encourages SME owners in Delta State to proactively plan and respond to market changes. Recent studies, such as Ryan & Deci (2020) and Vansteenkiste et al. (2020), highlight that motivated entrepreneurs exhibit higher resilience and adaptability, which are critical for sustained performance in challenging environments. SDT provides a robust framework for understanding how intrinsic motivation fosters proactive behaviors that drive SME success.

2.4. Proactive Orientation

Proactive orientation refers to a firm's ability to anticipate future opportunities or challenges and act in advance to capitalize on or mitigate their effects. This behavior reflects a forward-looking approach, where businesses strive to shape their environment rather than merely respond to it. Proactive orientation encompasses behaviors such as goal setting, risk-taking, and innovation, which collectively enable firms to remain competitive in dynamic markets (Lumpkin & Dess, 2001). Research by Rialti et al. (2019) highlights that proactive orientation is particularly critical for small and medium-scale enterprises (SMEs) operating in volatile environments, as it allows them to address uncertainties effectively and seize emerging opportunities. In the context of developing economies like Nigeria, proactive orientation is essential for SMEs, given their exposure to economic, infrastructural, and institutional challenges.

2.5. Anticipating Challenges and Threats (ACT)

Anticipating challenges and threats involves the ability to foresee potential risks and develop strategies to mitigate their impact. This dimension of proactive orientation is critical for SMEs operating in uncertain and volatile environments, as it enables them to build resilience and maintain operational stability (Nicholls, 1984). ACT behaviors include risk assessment, scenario planning, and the development of contingency plans, all of which are essential for navigating complex business environments. SMEs in Delta State face a myriad of challenges, including infrastructural deficits, regulatory bottlenecks, and market volatility. Research by Pertheban et al. (2023) indicates that SMEs that proactively anticipate and prepare for these challenges are more likely to achieve sustainable performance. For instance, SMEs that invest in market research and adopt risk management practices are better equipped to respond to economic shocks and competitive pressures. This underscores the need for SMEs to integrate ACT into their strategic planning processes to enhance their resilience and adaptability.

2.6. Learning and Adaptation (LA)

Learning and adaptation refer to the continuous process of acquiring knowledge, skills, and experiences to improve organizational performance and adapt to changing circumstances. This dimension of proactive orientation emphasizes the importance of flexibility and responsiveness in maintaining competitiveness (Schunk & DiBenedetto, 2020). SMEs that prioritize learning and adaptation are better positioned to innovate, enhance operational efficiency, and respond to customer needs. In the context of SMEs in Delta State, learning and adaptation are critical for addressing the challenges posed by dynamic market conditions and limited resources. Studies have shown that SMEs that invest in employee training, adopt technology, and foster a culture of innovation experience significant performance improvements (Onu et al., 2022). Moreover, collaboration with industry stakeholders and participation in knowledge-sharing networks can further enhance SMEs' learning and adaptation capabilities.

2.7. Relevance of Theories to Proactive Orientation and SME Performance

Each of these theories offers a unique perspective on the relationship between proactive orientation and SME performance. TPB highlights how intentions and perceived control drive proactive actions such as INT and ACT. AGT focuses on the motivational underpinnings of goal setting and adaptive learning, while SDT underscores the importance of intrinsic motivation and psychological needs in shaping proactive behaviors. Together, these theories form a comprehensive framework for examining how proactive orientation by, ACT, and LA contributes to SME performance. Recent empirical evidence, such as Pertheban et al. (2023) and Rialti et al. (2019), validates the relevance of these theoretical perspectives in the SME context, particularly in dynamic and resource-constrained environments like Delta State, Nigeria.

Based on the empirical review, this study develops hypotheses by considering the relationship between the dimensions of proactive orientation and the performance of Small and Medium Enterprises (SMEs) in Delta State, Nigeria.

2.8. Hypothesis of the Effect of Anticipating Challenges and Threats (ACT) on SME Performance

Anticipating Challenges and Threats (ACT) is the ability of SMEs to identify and overcome challenges and threats that have the potential to hinder business performance. Research by Pertheban et al. (2023) show that SMEs that implement risk anticipation strategies tend to have better operational performance and profitability. However, most of the research still focuses on the context of developed countries, so further exploration is needed in the context of developing countries such as Nigeria.

H01: Anticipating Challenges and Threats (ACT) does not significantly influence the performance of SMEs in Delta State, Nigeria.

2.9. Hypothesis of the Effect of Learning and Adaptation (LA) on SME Performance

Learning and Adaptation (LA) refers to the ability of SMEs to learn from the business environment and adjust their strategies according to market changes. Studies by Onu et al. (2022) reveal that continuous learning and adaptation can enhance the innovation capabilities and competitiveness of SMEs. However, most studies still ignore the role of contextual factors such as the regulatory environment and infrastructure limitations in developing countries.

H02: Learning and Adaptation (LA) do not have a significant relationship with the performance of SMEs in Delta State, Nigeria.

3. RESEARCH METHODS

3.1. Research Design

This study adopts a descriptive survey research design. This design is appropriate because it allows for the collection of primary data from respondents to analyze the relationship between proactive orientation, proxied by anticipating challenges and threats (ACT), learning and adaptation (LA), and the performance of small and medium-scale enterprises (SMEs) in Delta State, Nigeria. A descriptive survey also facilitates the examination of relationships and testing of hypotheses through statistical techniques such as multiple regression analysis (Creswell & Creswell, 2018).

3.2. Population of the Study

The population of the study comprises owners, managers, and key decision-makers of SMEs operating in Delta State, Nigeria. According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2021), there are approximately 15,000 registered SMEs in the state, covering various sectors such as manufacturing, retail, and services. This population was selected because SME owners and managers are directly responsible for implementing proactive strategies and ensuring business performance.

3.3. Sample and Sample Size Determination

The sample size was determined using Taro Yamane's formula, which is widely applied in research to calculate a representative sample size:

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

Where:

n = Sample size

N = Population size

e = Level of precision (0.05)

Substituting the values:

$$n = \{15{,}000\}/\{1 + 15{,}000(0.05)^2\}$$

$$n = \{15{,}000\}/\{1 + 15{,}000(0.0025)\}$$

$$n = \{15{,}000\}/\{38.5\}$$

$$n \approx 390$$

Thus, the sample size for the study is approximately 390 respondents, ensuring adequate representation of the SME population in Delta State.

3.4. Sampling Techniques

A multi-stage sampling technique was employed. First, Delta State was stratified into three senatorial districts: Delta North, Delta South, and Delta Central. Second, a proportional stratified sampling method was used to allocate respondents from each district based on the number of SMEs in the region. Finally, simple random sampling was applied to select individual respondents within each district, ensuring that each SME had an equal chance of being included in the study.

3.5. Method of Data Collection

Primary data were collected through a structured questionnaire administered to the selected SME owners and managers. The questionnaire was designed to capture information on the four dimensions of proactive orientation (ACT, and LA) and their impact on SME performance. Data collection was conducted both physically and electronically to maximize response rates.

3.6. Research Instruments

The primary research instrument was a structured questionnaire designed using a five-point Likert scale (ranging from 1 = Strongly Disagree to 5 = Strongly Agree). The instrument was divided into two sections: Section A captured demographic information, while Section B focused on the variables of proactive orientation and SME performance.

3.7. Validity of Research Instrument

Content validity was ensured by consulting experts in entrepreneurship and business management to review the questionnaire. Their feedback was used to refine the items to ensure they accurately captured the constructs under investigation. Additionally, a pilot study involving 30 respondents from the target population was conducted to ensure clarity and relevance of the questionnaire items.

3.8. Reliability of Research Instrument

The reliability of the research instrument was assessed using Cronbach's alpha. A pilot test was conducted, and the data were analyzed to calculate the reliability coefficients for each construct. Cronbach's alpha values for all variables exceeded the threshold of 0.7, indicating high internal consistency and reliability of the instrument (Taber, 2018).

3.9. Techniques for Data Analysis

Data analysis involved descriptive and inferential statistics. Descriptive statistics such as frequencies, means, and standard deviations were used to summarize the respondents' demographic information and responses to questionnaire items. Inferential statistics, specifically multiple regression analysis, were employed to test the hypotheses and determine the relationship between proactive orientation (proxied by ACT, and LA) and SME performance. Statistical analysis was conducted using SPSS version 23.0. The multiple regression model used in this study is specified as follows:

$$Y = \beta_0 + \beta_1 X_1 + X_2 + \beta_3 X_3 + \beta_4 X_4 +$$

Where:

Y = Performance of SMEs (PSME)ϵ

X_1 = Anticipating Challenges and Threats (ACT)

X_2 = Learning and Adaptation (LA)

β_0 = Constant term

β_1-β_2 = Coefficients of the independent variables

ϵ = Error term

4. RESULTS AND DISCUSSION

4.1. The Effect of Anticipating Challenges and Threats (ACT) on SME Performance

Based on the correlation analysis results, there is a strong positive relationship between ACT and SME performance with a correlation coefficient of 0.75. Meanwhile, the results of multiple regression analysis indicate that ACT has a greater influence than LA in determining SME performance. Every one unit increase in ACT contributes to an increase in SME performance by 0.35 units.

The results show that the ability of SMEs to identify and address challenges and threats that could potentially hinder their business operations contributes significantly to better performance. SMEs that implement anticipatory strategies can reduce business risks and are better prepared to deal with the uncertainty of the business environment. This finding is in line with research conducted by Pertheban et al. (2023), which confirmed that risk mitigation strategies and contingency planning play a role in improving the sustainability and profitability of SMEs.

In the context of Delta State, Nigeria, where many SMEs face external challenges such as limited infrastructure, political instability, and limited access to finance, the ability to anticipate and manage these challenges is a decisive factor in improving business performance. SMEs that are more proactive in understanding the dynamics of their business environment have a greater chance of surviving and thriving in the fierce competition.

4.2. The Effect of Learning and Adaptation (LA) on SME Performance

Based on the results of the correlation analysis, there is a significant positive relationship between LA and SME performance with a correlation coefficient of 0.68. This finding indicates that SMEs that are more active in anticipating challenges and applying learning and adaptation strategies tend to have better performance compared to SMEs that do not apply these strategies. Meanwhile, the results of multiple regression analysis indicate that a one-unit increase in LA increases SME performance by 0.30 units. These results suggest that proactive strategies, especially in anticipating challenges and undertaking learning and adaptation, play an important role in improving the competitiveness and growth of SMEs in Delta State, Nigeria.

The results of this study indicate that Learning and Adaptation (LA) has a positive and significant relationship with SME performance. SMEs that continue to learn and adapt to market changes are better able to innovate, improve operational efficiency, and maintain competitiveness in the long term. This result supports the findings of Onu et al. (2022), which show that organisational learning processes enable SMEs to improve innovation capabilities and strengthen business strategies in the face of uncertainty. In practice, SMEs

that implement continuous learning strategies tend to be more responsive to customer needs, technological developments, as well as changes in economic policies that may affect their business. By increasing investment in employee training, adoption of new technologies, and development of data-driven strategies, SMEs in Delta State can optimise their potential and achieve more stable growth.

4.3. Implications of the Findings for SME Development

This study aims to analyse data collected from 390 small and medium-sized enterprises (SMEs) in Delta State, Nigeria, to evaluate the impact of proactive orientation on SME performance. Specifically, this study examined two key dimensions of proactive orientation, namely Anticipating Challenges and Threats (ACT) and Learning and Adaptation (LA). Data were analysed using various statistical techniques, including descriptive statistics, correlation analysis, and regression analysis.

The results of the descriptive statistics analysis show that the majority of SMEs in Delta State have a moderate level of engagement in proactive behaviour, especially in the aspects of anticipating challenges and threats (ACT) and learning and adaptation (LA). Nonetheless, there was variation in proactivity levels among SMEs, with some businesses showing higher or lower levels.

The results of this study have significant implications for the development of SMEs in Delta State, Nigeria. First, SMEs need to strengthen their ability to identify risks and develop anticipatory strategies to be better prepared for external challenges. With an effective business monitoring system, SMEs can more quickly recognise changes in the business environment and respond proactively. Second, investment in learning and adaptation is key for SMEs to survive and thrive in a dynamic market. SMEs must enhance their capabilities through employee training, implementation of new technologies, and development of innovative data-driven strategies. In addition, collaboration with various stakeholders, including government, financial institutions, and other business organisations, can create a more conducive business ecosystem and support sustainable growth. By implementing these strategic measures, SMEs in Delta State are expected to improve their competitiveness, better face business challenges, and achieve more stable and sustainable growth.

5. CONCLUSIONS

The study has demonstrated that a proactive orientation, characterized by anticipating challenges and threats (ACT) and learning and adaptation (LA), positively influences the performance of small and medium-scale enterprises (SMEs) in Delta State, Nigeria. Both variables were found to significantly enhance the ability of SMEs to respond to challenges, capitalize on opportunities, and sustain growth in a dynamic environment.

It is essential for SME owners and managers to prioritize anticipating challenges and threats (ACT) in their strategic planning. This could include investing in market research, conducting risk assessments, and developing contingency plans. Government agencies and business development organizations could provide training and resources to help SMEs improve their risk management capabilities. SMEs should foster a culture that encourages continuous learning and adaptation (LA). This can be achieved by providing training programs for employees, embracing new technologies, and seeking feedback from customers to improve products and services. By staying adaptable, SMEs can remain competitive and better prepared to face external changes in the business environment.

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