

COLLABORATION STRATEGY AND THE PERFORMANCE OF SMALL BUSINESSES IN LAGOS, NIGERIA

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Abstract

Any economy that desires equitable development and growth must consider the wellness of small and business enterprises, because of their developmental role in the creation of jobs and accumulation of resources for the people in the economy. Thus, the objectives of the study were specifically to determine the singular and combined effects of both internal collaboration strategy and external collaboration strategy on some dimensions of performance of small businesses in Lagos State, Nigeria.

The study employed the descriptive survey design. This design was employed through the use of a structured questionnaire that was administered, virtually, in Google Forms, and distributed to the selected respondents. The population of the study was the list of owners and managers of small and medium-sized enterprises (SMEs) in Lagos State that are registered with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The five divisions of Lagos State are Ikorodu (783), Epe (593), Ikeja (4,446), Badagry (5,373), and Lagos Island

(5371). The research adopted a multistage sampling strategy, which included both stratified and random sample procedures.

The results showed that the internal collaboration strategy has a positive and significant effect on employee satisfaction and engagement ($\beta_1 = 0.901$; $\rho < 0.05$). The $F\text{-cal} = 2785.065$, $\rho < 0.05$, showed that the overall model is statistically significant at 5% level of significance. The R^2 revealed that internal collaboration strategy accounts for 0.812 (81.2%) variation or change in the dependent variable, employee satisfaction and engagement, and if any additional variable is added, it will still explain the variable at 0.812 (81.2%). In addition, it showed that the external collaboration strategy has a positive and significant effect on customer retention and loyalty performance at ($\beta_1 = 0.853$; $\rho < 0.05$). The $F\text{-cal} = 1721.638$, $\rho < 0.05$ showed that the overall model is also statistically significant at 5% level of significance. The R^2 of 0.728 (72.8%) explained variation or change in the employee satisfaction and engagement, and if any additional variable is added, it will still explain the variable at 0.728 (72.8%). Lastly, the results of both internal and external collaboration strategies, when combined, have a positive significant effect on service and quality performance ($\beta_1 = 0.397$; $\rho < 0.05$ and $\beta_1 = 0.591$; $\rho < 0.05$). The tables revealed that $F\text{-cal} = 3983.014$, $\rho < 0.05$, which showed that the overall model is statistically significant at 5% level of significance. The R^2 is a measure of the goodness of fit of the regression model.

The findings revealed that the internal collaboration strategy has positive significant effect on employee satisfaction and engagement. It implies that fostering teamwork and open communication can enhance employee morale and commitment. Organizations should invest in collaborative tools, cross-functional projects, and inclusive communication channels to create a cohesive work environment. This can lead to increased productivity, lower turnover, and a stronger organizational culture. Human resource policies should emphasize collaboration as a key competency in recruitment, training, and performance evaluations. Ultimately, prioritizing internal collaboration not only improves employee experience but also contributes to long-term organizational success. Also, the external collaboration strategy has a positive significant effect on customer retention and loyalty performance. It implies that building strong partnerships with suppliers, distributors, and other external stakeholders enhances customer satisfaction and trust. Organizations should focus on strategic alliances, joint problem-solving, and seamless information sharing to improve service delivery and responsiveness to customer needs. This strengthens brand reputation and encourages repeat business. Marketing and customer service teams should align closely with external partners to ensure a consistent customer experience. Overall, effective external collaboration is a vital driver of customer loyalty and long-term business sustainability.

It is therefore concluded that internally, collaboration ensures smooth workflows, quick problem-solving, and consistent standards. Externally, strong coordination with partners leads to reliable inputs, innovative solutions, and efficient service delivery. The combined effect enhances customer satisfaction, reduces errors, and supports continuous improvement across operations. The study recommended that SMEs should institutionalize collaborative practices by encouraging team-based projects, regular cross-functional meetings, and open communication platforms. Leadership should model collaborative behavior and reward teamwork through performance evaluations and incentives. Training programs should also focus on developing interpersonal and communication skills to enhance collaboration. By embedding collaboration into the organizational structure and culture, businesses can sustain higher levels of employee engagement and job satisfaction. SMEs should strengthen external partnerships by fostering transparent communication, joint planning, and mutual goal alignment. Regular feedback loops with key partners and shared performance metrics can improve service consistency. Customer-facing teams should work closely with external collaborators to ensure seamless service delivery. Investing in technology platforms that integrate suppliers and partners into the value chain can further enhance efficiency and customer experience, ultimately drive loyalty and repeat business. SMEs should adopt an integrated collaboration approach that connects internal teams and external partners through shared goals, real-time information exchange, and coordinated service standards. Quality management systems should involve input from both internal stakeholders and external collaborators. Investing in collaborative tools, joint training, and co-development initiatives can help align efforts across the value chain, ensuring high-quality service outcomes and sustained operational excellence.

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