School of Environmental Technology International Conference Proceedings

ISBN: 978-978-54580-8-4

Received: 29 May 2024; Accepted: 14 October 2024; Available online: 29 November 2024

Volume 2 proceedings

Assessment of Challenges against Business Continuity Planning in Construction Micro, Small and Medium Enterprises Competencies for in Abuja, Nigeria

Ohiwere Eugenia, Polycarp O. Alumbugu*

Department of Quantity Surveying, School of Environmental Technology, Federal University of Technology Minna

eugeniayankson@gmail.com

Abstract

The aim of this study is to assess the challenges militating against business continuity planning (BCP) in construction micro, small and medium enterprises (CMSMEs) in Abuja, Nigeria, with a view to improve the competence of BCP MSMEs. This study relied on a quantitative approach to obtain the data needed to answer the research objectives. This was done through the administration of questionnaires in a survey of selected members of the population. The target population for this research was the owners/management staff of the CMSME organizations within the study area. They constitute the major stakeholders of SMEs within the construction industry who make the decision regarding the day to day running of the CMSMEs that the study is interested in. Therefore, the sample size for the study was 223. A simple purposive sampling procedure were used to select the participants involved in construction work in the study area. Descriptive statistics such as Mean Score and standard deviation was used to assess the challenges militating against business continuity planning (BCP) in construction micro, small and medium enterprises. The findings revealed that the most important challenges militating against business continuity planning (BCP) in construction micro, small, and medium enterprises (CMSMEs) in Abuja is little government support (MIS = 4.27). On average, all 32 challenges militating against business continuity planning (BCP) in construction micro, small, and medium enterprises (CMSMEs) in Abuja, Nigeria, were important (MIS = 4.16). To enhance the competencies of construction Micro, Small, and Medium Enterprises (MSMEs) in Abuja for effective business continuity planning (BCP), the following recommendations are proposed: Government agencies, construction associations, and educational institutions should organize targeted training programs to educate MSMEs on the importance of BCP.

Keywords: Business, Competencies, Construction, Continuity, Enterprises Micro, Small and Medium Planning

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in national economic development, because apart from playing a role in economic growth and employment, they also play a role in the distribution of development outcomes (Mardikaningsih, 2022). As a form of business that is able to survive during the financial crisis, MSMEs have received the attention of all parties. In the recent economic crisis that occurred in several countries, where many large-scale businesses stagnated and even stopped their activities, MSMEs proved to be more resilient in facing the crisis (Darmawan, 2021). This resilience is considered not excessive if the development of the private sector is focused on MSMEs, moreover this business unit is often neglected just because its production is on a small scale and has not been able to compete with other business units. Business continuity planning capabilities have thus become a need for every business operating in this unpredictable environment.

Business continuity plans or guidelines are required to sustain operations amidst periods of crisis. The majority of the MSMEs business continuity plans focused on new ways of conducting day to day operations, risk assessment, and impact analyses. Aremu *et.*al. (2015) noted that, 70 percent of small-scale enterprises in Nigeria failed within the first five years of operation. Kato and Charoenrat (2018) concluded that there is a failure in developing a Business Continuity Plan (BCP) among SMEs. In 2019 Business Continuity Benchmark Survey revealed that only 9% of participants indicated that their business continuity programs were “very mature.” Furthermore 27% was “mature” and 33% was “reasonably mature,” indicating that their approach to BCP varied in terms of the sound implementation of BCP-related activities and therefore reflected on the outcomes of the process (Continuity Central, 2019).

The latest International Organization for Standardization (ISO)22301:2019 reflected the significant developments taking place in the field of business continuity that are aimed at helping organizations respond to, and recover from, disruptions effectively (ISO, 2019). BCP is applicable to all organizations, regardless of size, sector or type of business; yet, according to many researchers in the field, there is still limited “empirical” research on BCP adoption, practices and effectiveness in some business areas and countries, which triggers the need for further investigation (Azadegan *et al.*,

2020; Ferguson, 2019; Sawalha and Meaton, 2012). Even after the worst of the COVID-19 pandemic had passed, many micro, small and medium-sized firms (MSMEs) have found it difficult to maintain operations, putting such businesses at risk of closing permanently (McCloskey and Heymann, 2020). The presence of this challenge may be attributed to the insufficient competency of MSMEs in properly implementing business continuity planning (Wong, 2020; Ombongi and Long, 2018). Therefore, MSMEs in Nigeria lack the competencies needed to carry out BCP effectively.

2. Literature Review

2.1 The concept of business continuity

Business continuity is a business philosophy defined as the processes, procedures, decisions and activities that ensure an organization can continue to function through eternity (Tuana and Aslıhan, 2021; Păunescu and Agartu, (2020). It involves planning so as to help prevent operational interruptions, crises and environmental changes happening so as to assist the organization quickly return to a state of business as usual should any of these events occur (Dana, 2019). Once it has been prepared, the business continuity plan must be tested and exercised to ensure that it will perform as anticipated, so that the organization experiences the minimum possible day to day disruption (Jorrigala, 2017).

Business continuity achieves various things for organizations, with the degree of success in each area dependent on the amount of effort, skill, resource and commitment, provided by the organization for business continuity activities (Tuana and Aslhan, 2021). Proactive measures are designed for the prevention of interruptions to organizational activities.

Business Continuity is the process of developing preventive and recovery strategies to cope with possible dangers to a business. Păunescu and Agartu (2020) define business continuity as the expected consequence of successful execution of both business continuity planning and catastrophe recovery. It appears to imply a comprehensive strategy for continuing to operate the company solution even in the event of a distressing event ('Tuana and Aslhan, 2021). The organizational ability to respond to critical contingencies is crucial for businesses and involves a five-level framework that encompasses operations, customer, workforce, leadership, and community-related responses (Margherita and Heikkilä, 2021).

2.2 Business Continuity Planning (BCP)

Business Continuity Planning programs includes plans for the reactive measures that will be taken should the proactive measures that are in place fail or become overwhelmed by some unforeseen and unexpected crisis (Naser *et al.,* 2022; Schmid *et al*., 2021). Reactive measures enable the organization to return to an acceptable level of operations within a desired timescale following an interruption, disaster or crisis. Culture change plays a role in Business Continuity Planning programs it involves an exploration of organizational culture (Venclova and Urbancova, 2013).

The essence of good Business continuity planning is the identification and implementation of measures which can be put in place to proactively prevent operational interruptions taking place, and to prevent crises and disasters occurring (Naser *et al.,* 2019). Business continuity management, at its highest level, is about keeping organizations operating at their maximum capability while reactive measures are designed for recovery from interruptions to organizational activities.

More than half of new businesses fail during the first year; approximately 20% of new businesses fail during the first two years of being open, 45% during the first five years, and 65% during the first 10 years. Only 25% of new businesses make it to 15 years or more (Prieto *et al.,* 2022). However, Business Continuity Institute (2018) indicate that through developing proactive measures to deal with possible hazards to a company, business continuity policies can enhance an organization's resilience (Punla, 2017). Thus, managing business continuity, in particular, is one of the most important factors that would enhance a company's ability to withstand risks and survive disasters (Naser and Khalifa 2019). Recently, Siriporananon and Visuthismajarn (2018) challenged the dominant classification of disaster types, stating that a disaster can be classified according to the cause of the disaster, and proposed three types of disasters, namely natural disasters such as floods, human-inflicted disasters, and disasters caused by technology failure. Business Continuity Planning (BCP) must take all of these types of disasters into consideration when a business continuity plan is being developed.

2.3 Concept of competence in relation to SMEs

The concept of competence in relation to SMEs is complex; Woodruffe (1971) contrasts areas of competence as aspects of the job that an individual can perform, with the term competency referring to an individual's behaviour that supports a competent performance. Thus, competence refers to functional areas and behavioural areas. Thus, a holistic model of individual competence will include both 'functional competence' and 'behavioural competency'; this will be a combination of knowledge, understanding, functionality, mental and applied skills, behaviours, attitudes and learning to learn (Delamare-LeDeist and Winterton, 2005). Competencies in any firms have a positive or negative effect on the firms' performance. The human resources in SMEs are usually limited; in Europe micro, small and medium-sized

enterprises employ, on average, four people (Lukacs, 2005). Therefore, the effect of employees' skills and competencies is significant for any firm's performance. The small number of employees means a low structure in the organisation.

2.4 Section Challenges Militating against Business Continuity Planning (BCP) in Micro, Small and Medium Enterprises (MSMES)

Across the globe, small and medium enterprises (SMEs) make enormous contributions towards economic growth and active employment in both the developing economies and the developed economies (Ogundana, 2022). OECD (2018) opined that SMEs embody about a totality of global businesses, accounting for about 70% of all employments and generating an average range of 50% to 60% of value-added. In Africa, SMEs support economic growth through job creation in different sectors of endeavours, improve means of livelihood, industrial production upturn, and export, social enrichment as well as governmental constancy and they serve as a mainstream revenue generation in many of these economies, including in Nigeria (Tehseen & Ramayah, 2015). Entrepreneurial competencies and SMEs business success: The contingent role of external integration. Mediterranean journal of social sciences, 6(1), 50-61. and Ramayah, 2015; Ifekwem and Adedamola, 2016; Ogundana *et al*. 2018). However, they also must deal with challenges that pertain to sustaining their performance and continuity. For example, the informality of the substantial African SMEs industry poses a problem as to multiple taxations, unaccountable levies and little government support on the SMEs industry. The informal nature of the SMEs industry in Nigeria, with little regulations and support from the Government, forces the industry operators to secure their means to business survival and growth (Madichie *et al*., 2017; Ingenbleek, 2019). Consequently, the challenges that Nigerian SMEs face include securing funds, competing with their foreign counterparts and with other large firms in related industries (Jevwegaga *et al*., 2018). Other challenges include lack of managerial experience, skills, and individual characteristics, as well as unfriendly financial conditions, misguided business plans, and asset starvation; these are the main reasons why new SME firms fail.SMEs are confronted with BCP implementation challenges from various angles, including: regulation and legislation, historical legacies and strategic planning (Elliot *et al*., 2010). Other challenges include: inadequate understanding of data recovery following disaster; adoption of unsuitable BCP implementation approach; and lack of commitment on the part of senior management (Chuang and King, 2013).Moh and Wong (2015) highlighted obstacles to implementation of BCP by SMEs, including: lack of understanding of business continuity management; BCP professionals do not share the message outside large corporations; misconceptions about the importance of BCP; BCP process bottlenecked due to overshadowed and complicated methodology; and too expensive to implement. Lack of understanding and misconceptions about the importance of BCP may be in form of underestimation of impact; inappropriate scenario assumptions; time and manpower resource affordability; living outside disruptions comfort zone; and lack of sense of urgency (Moh and Wong, 2015). In order to enhance the capabilities of SMEs in coping with these and other challenges, entrepreneurial competencies appear to be a viable tool to engage. According to Gwadabe and Amirah (2017) the failure of SMEs in Nigeria has increased due to a hostile operating environment and increased competition. Entrepreneurial competencies enable competitive advantage in business through proper management of relationships (Tehseen & Ramayah, 2015). Entrepreneurs are also able to identify opportunities for the success of the firm (Ibidunni *et al*., 2017). According to Zizile and Tendai (2018), the survival and success of SMEs have been positively affected by entrepreneurial competencies.

3. Methodology

This study relied on a quantitative approach to obtain the data needed to answer the research objectives. This was done through the administration of questionnaires in a survey of selected members of the population. The target population for this research was the owners/management staff of the CMSME organizations within the study area. They constitute the major stakeholders of SMEs within the construction industry who make the decision regarding the day to day running of the CMSMEs that the study is interested in.

According to Kotler (2012), sample size determination formular is for the study A sample is a small proportion of a population selected for observation and analysis. The sample size of the respondents was calculated using a simplified formula proportion as illustrated by Glenn (2013).

$$n = \frac{N}{1 + N(e)^2} \quad (3.1)$$

Where;

n = Sample size

N = Population size in the sample unit

e = Level of precision which is + 5% (0.05)

$$n = \frac{506}{1 + 506(0.05)^2} = 223$$

The CMSMEs listed in the national survey of micro small &Medium Enterprises (MSME)and an estimated sample size of 223 respondents was arrived at a respondent from a firm. Therefore, the sample size for the study was 223. A simple purposive sampling procedure were used to select the participants involved in construction work in the study area. The CMSME organizations within the study area was visited in turn, and data collected from them. Descriptive statistics such as Mean Score and standard deviation was used to assess the challenges militating against business continuity planning (BCP) in construction micro, small and medium enterprises.

4. Findings and Discussion

The findings revealed the challenges militating against business continuity planning (BCP) in construction micro, small, and medium enterprises (CMSMEs) in Abuja, Nigeria, as shown in Table 1. All thirty-two challenges were important, ranging from little government support (MIS = 4.27) to asset starvation support (MIS = 4.05). Based on the ranking, the most important challenges militating against business continuity planning (BCP) in construction micro, small, and medium enterprises (CMSMEs) in Abuja are little government support, lack of commitment on the part of senior management, securing funds, strategic planning, lack of managerial experience, skills, and individual characteristics (MIS = 4.27, 4.26, 4.24, 4.23, and 4.23), respectively. The least challenges militating against business continuity planning (BCP) are too expensive to implement and asset starvation (MIS = 4.07 and 4.05), respectively. On average, all 32 challenges militating against business continuity planning (BCP) in construction micro, small, and medium enterprises (CMSMEs) in Abuja, Nigeria, were important (MIS = 4.16). This study aligns with Moh and Wong's (2015) that highlighted obstacles to the implementation of BCP by SMEs, including a lack of commitment on the part of senior management. SMEs face challenges in securing funds, planning strategically, receiving minimal government support, comprehending business continuity management, feeling urgency, and formalizing BCP activities.

Table 1: Challenges militating against business continuity planning (BCP)

Challenges militating against business continuity planning (BCP)	Mis	Sd	Rank
Little government support	4.27	0.71	1st
Lack of commitment on the part of senior management	4.26	0.80	2nd
Securing funds	4.24	0.77	3rd
Strategic planning	4.23	0.77	4th
Lack of managerial experience, skills, and individual characteristics	4.23	0.79	4th
Hostile operating environment	4.21	0.77	6th
Lack of understanding of business continuity management	4.20	0.74	7th
Lack of sense of urgency	4.18	0.78	8th
Formalization of BCP activities	4.18	0.81	8th
Centralization of BCP activities/regulation	4.18	0.79	8th
Unfriendly financial conditions	4.18	0.81	8th
Living outside disruptions comfort zone	4.18	0.75	8th
Misguided business plans	4.17	0.73	13th
Misconceptions about the importance of BCM	4.17	0.81	13th
Adoption of unsuitable BCM implementation approach	4.17	0.81	13th
Unaccountable levies	4.17	0.80	13th
Complexity of SME operations/economy	4.16	0.82	17th
Industry operators forced to secure their business survival	4.16	0.86	17th
Increased competition	4.16	0.88	17th
Multiple taxations	4.15	0.85	20th
Inadequate understanding of data recovery following disaster	4.15	0.84	20th
BCM process bottlenecked due to overshadowed and complicated methodology	4.15	0.74	20th
Time and manpower resource affordability	4.13	0.83	23rd
Underestimation of impact	4.12	0.74	24th
Competing with their foreign counterparts	4.12	0.87	24th
Regulation and legislation	4.11	0.81	27th
BCM professionals do not share the message outside large corporations	4.11	0.83	27th
Informality of the substantial African smes industry	4.09	0.83	29th

Historical legacies	4.09	0.90	29th
Too expensive to implement	4.07	0.91	31st
Asset starvation	4.05	0.81	32nd
Average MIS			***4.16***

5. Conclusion and Recommendation

This study aims to assess the challenges militating against business continuity planning (BCP) in construction micro, small and medium enterprises (CMSMEs) in Abuja, Nigeria, with a view to improve the competence of BCP MSMEs in Abuja. Based on empirical findings the study concludes that the five major challenges to CMSMEs in Abuja, are little government support, Lack of commitment on the part of senior management, securing funds, Strategic planning, Lack of managerial experience, skills, and individual characteristics, compound the difficulty of implementing effective BCP strategies.

In order to enhance the competencies of construction Micro, Small, and Medium Enterprises (CMSMEs) in Abuja for effective business continuity planning (BCP), the following recommendations are proposed: Government agencies, construction associations, and educational institutions should organize targeted training programs to educate CMSMEs on the importance of BCP. These should cover areas such five (5) major identified challenges as well as the remaining twenty-seven (27) identified challenge which are also though important for business continuity planning. Provide entrepreneurship development programs that focus on financial management, strategic planning, and leadership skills to empower CMSME owners and managers with the knowledge to sustain their businesses through crises. Financial institutions and the government should develop loan programs with low interest rates specifically designed to help CMSMEs invest in risk mitigation strategies, infrastructure upgrades, and technology.

References

Aladejebi, O., & Oladimeji, J. A. (2021). Effectiveness of corporate governance on SMEs in the stock broking firms in Nigeria. *Sch J Econ Bus Manag,* 6, 157-166.

Business Continuity Institute [BCI]. (2017). Good practice guidelines. The global guide to good practice in business continuity. Berkshire, United Kingdom: BCI

Chen, J., Cheng, Z., Gong, R. K., & Li, J. (2022). Riding out the covid-19 storm: How government policies affect smes in china. *China Economic Review,* 75, 101831.

Darmawan, B. A. (2021) Improving MSMEs Operational Performance: The Role of Knowledge Management and Product Innovation. Proceedings of the First Australian International Conference on Industrial Engineering and Operation Management, Sydney, Australia, December 20-21, 2022

Deloitte, P. (2019). How leaders are navigating the Fourth Industrial Revolution. Deloitte Review, 24(1), 39-43.

Durst, S., Hinteregger, C., & Zieba, M. (2019). The linkage between knowledge risk management and organizational performance. *Journal of Business Research,* 105, 1-10.

Chuang, M. Y., & King, R. C. (2013). A framework of enterprise crisis management: determinants, processes, and outcomes. *International Journal of Business Continuity and Risk Management,* 4(1), 54-74.

Fadun, O. S. P. (2017). Promoting Business Continuity Management (BCM) Implementation by Small and Medium-Sized Enterprises (SMEs) in Sub-Saharan Africa: Implications and Challenges. *International Journal of Risks and Insurance Practice,* 3(1).

Elliot, A. J., Niesta Kayser, D., Greitemeyer, T., Lichtenfeld, S., Gramzow, R. H., Maier, M. A., & Liu, H. (2010). Red, rank, and romance in women viewing men. *Journal of Experimental Psychology: General,* 139(3), 399.

Gwadabe, U. M., & Amirah, N. A. (2017). Entrepreneurial competencies: SMES performance factor in the challenging Nigerian economy. *Academic Journal of Economic Studies,* 3(4), 55-61.

Ibidunni, A. S., Ibidunni, O. M., Olokundun, M. A., Oke, O. A., Ayeni, A. W., Falola, H. O., ... & Borishade, T. T. (2018). Examining the moderating effect of entrepreneursâ demographic characteristics on strategic entrepreneurial orientations and competitiveness of SMEs. *Journal of Entrepreneurship Education,* 21(2).

Ingenbleek, P. T. (2020). The biogeographical foundations of African marketing systems. *Journal of Macromarketing,* 40(1), 73-87.

Ifekwem, N., & Adedamola, O. (2016). Survival strategies and sustainability of small and medium enterprises in the Oshodi-Isolo Local Government Area of Lagos State. Acta Universitatis Sapientiae, Economics and Business, 4(1), 103-118.

Jevwegaga, H., Ade-adeniji, O., Ibidunni, A. S., Olokundun, M. A., Borishade, T. T., Falola, H. O., ... & Ogunniyi, A. (2018). Role of SMEs' entrepreneurial activities and industrial clustering on SMEs' performance. *Academy of Entrepreneurship Journal,* 24(1), 1-7.

Kato, M., & Charoenrat, T. (2018). Business continuity management of small and medium sized enterprises: Evidence from Thailand. *International journal of disaster risk reduction,* 27, 577-587.

Kosieradzka, A., Smagowicz, J., & Szwed, C. (2022). Ensuring the business continuity of production companies in conditions of COVID-19 pandemic in Poland–Applied measures analysis. *International Journal of Disaster Risk* Reduction, 72, 102863.

Lu, Q., Liu, B., & Song, H. (2020). How can SMEs acquire supply chain financing: the capabilities and information perspective. *Industrial Management & Data Systems*, 120(4), 784-809.

Madichie, N. O., Mpofu, K., & Kolo, J. (2017). Entrepreneurship development in Africa: Insights from Nigeria's and Zimbabwe's telecoms. *Entrepreneurship in Africa,* 15, 172-208.

Mardikaningsih, R. (2022). Reinforcement of Students' Entrepreneurial Intentions through Soft Skills and Hard Skills Empowerment. *Bulletin of Science, Technology and Society,* 1(3), 6-14.

Margherita, A., & Marikka, H. (2021). "ScienceDirect Business Continuity in the COVID-19 Emergency: A Framework of Actions Undertaken by World-Leading Companies." doi: 10.1016/j.bushor.2021.02.020.

Musumali, M., & Qutieshat, A. (2022). A brief review of literature on issues and challenges of business continuity management for small and medium-sized enterprises in developing countries. *International Journal of Business Continuity and Risk Management,* 12(4), 362-382.

Moh, M. C., Sum, C. F., Lam, B. C. C., Ng, X. W., Su, C., Tavintharan, S., ... & Lim, S. C. (2015). Evaluation of body adiposity index as a predictor of aortic stiffness in multi-ethnic Asian population with type 2 diabetes. Diabetes and Vascular Disease Research, 12(2), 111-118.

Naser. M., Alharthi, A.N. & Khalifa, G. S. A. (2019). Business Continuity Management and Crisis Leadership: An Approach to ReEngineer Crisis Performance within Abu Dhabi Governmental Entities. *International Journal on Emerging Technologies,* 10(1a), 32-34.

Ogundana, O., Galanakis, K., Simba, A., & Oxborrow, L. (2018). Factors influencing the business growth of women-owned sewing businesses in Lagos-State, Nigeria: a pilot study. Organisational Studies and Innovation Review, 4(2), 25-36.

Ogundana, O. (2022). Obstacles facing women-owned enterprises: A case for Sub-Sahara African women. World review of entrepreneurship, management and sustainable development, 18(5-6), 529-544.

Păunescu C. & Agartu R. (2020). Critical functions in ensuring effective business continuity management: evidence from Romanian companies. *Journal of Business Economics and Management*, 22(2), 497–520. Retrieved from https://doi.org/10.3846/jbem.2020.12205. Punla, M. K. (2017). Business Continuity Plan. 10.13140/RG.2.2.25552.71685

Punla, M. K. (2017). Business Continuity Plan. 10.13140/RG.2.2.25552.71685.

Riglietti, G., Piraina, M., & Trucco, P. (2022). The contribution of business continuity management (BCM) to supply chain resilience: a qualitative study on the response to COVID-19 outbreak. Continuity & Resilience Review, 4(2), 145-160.

Ruiz-Canela López, J. (2021). How can enterprise risk management help in evaluating the operational risks for a telecommunications company? Journal of Risk and Financial Management, 14(3), 139.

Russo, F., Musolino, G., & Assumma, V. (2023). Ro-ro and lo-lo alternatives between Mediterranean countries: factors affecting the service choice. Case Studies on Transport Policy, 11, 100960.

Schmid, B., Raju, E. &Jensen, P. J. M. (2021). COVID-19 and business continuity - learning from the private sector and humanitarian actors in Kenya. Progress in Disaster Science, 2(2021), 1-8. Retrieved from https://doi.org/10.1016/j.pdisa

Siriporananon, S., & Visuthismajarn, P. (2018). Key success factors of disaster management policy: A case study of the Asian cities climate change resilience network in Hat Yai city, Thailand. *Kasetsart Journal of Social Sciences,* 39(2), 269-276.

Tehseen, S., & Ramayah, T. (2015). Entrepreneurial competencies and SMEs business success: The contingent role of external integration. *Mediterranean journal of social sciences,* 6(1), 50-61.

Tuana, I & Aslıhan, T. (2021). The Importance of Business Continuity and Knowledge Management during the Pandemic Period. Proceedings 2021, 74, 18. Retrieved from https://doi.org/10.3390/proceedings2021074018.

Venclova, K & Urbancova. (2013). Advantages and Disadvantages of Business Continuity Management". International Journal of Industrial and Systems Engineering, 7,4

Vanichchinchai, A. (2023). The influences of organizational contexts on business continuity management. *Business Process Management Journal*, 29(1), 100-115.

Woodruffe, H. R. (1997). Compensatory consumption: why women go shopping when they're fed up and other stories. *Marketing Intelligence & Planning*, 15(7), 325-334.