Afropolitan Journals



ISSN: 3027-2971 www.afropolitanjournals.com

# Assessment of Entrepreneurial Ecosystems and SMEs' Growth in Ilorin Metropolis, Kwara State

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***DOI***: *https://doi.org/10.62154/7vb3sx88*

## Abstract

SMEs often face resource constraints, ranging from financial capital to human resources and market access. Understanding how entrepreneurial ecosystems facilitate resource allocation and address these constraints is crucial for enabling sustainable growth. This study therefore investigated the impact of entrepreneurial ecosystems on firms' growth, with a focus on SMEs operating in Ilorin metropolis, Kwara State. A cross-sectional survey research design and a quantitative data gathering method were used in this study. Three hundred and forty-three (343) SMEs make up the study's sample size, which was chosen to represent the 3124 SMEs that are registered with the Kwara State Board of Internal Revenue and pay taxes totaling one hundred thousand naira or more. Standard multiple linear regression analysis was employed to analyze the data obtained from the administration of a structured survey questionnaire. Findings of the study revealed that entrepreneurial ecosystems through access to capital, entrepreneurial support infrastructure and talent and knowledge exchange have significant impact on SMEs growth. The study concluded that entrepreneurial ecosystems constitute the bedrock upon which SMEs thrive and catalyze economic growth. By providing startups with the necessary resources to invest, innovate, and expand, access to finance plays a pivotal role in fueling entrepreneurial activity, job creation, and economic growth. The study recommended among others that, programs and initiatives aimed at improving financial literacy among entrepreneurs, empowering them to make informed decisions about financing options and investment opportunities should be invested on and implement policies and initiatives that promote diversity and inclusion within the financial ecosystem, ensuring equitable access to finance for women, minority entrepreneurs, and underserved communities.

**Keywords:** Entrepreneurial Ecosystems, Access to Capital, Entrepreneurial Support Infrastructure, Talent and Knowledge Exchange (TKE), Growth.

## Introduction

Entrepreneurial ecosystems have garnered increasing attention as vital catalysts for the growth and sustainability of small and medium-sized enterprises (SMEs) in contemporary economies (Stam & Spigel, 2016; Polodashvili, 2023). Historically, the study of entrepreneurship focused primarily on individual characteristics and behaviors, overlooking the broader environmental factors that shape entrepreneurial activity (Rodriguez-Ulcuango et al., 2023). However, scholars and practitioners increasingly acknowledge the importance of considering the ecosystemic context in which entrepreneurs operate. This

rise of entrepreneurial ecosystems can be attributed to several converging trends, including globalization, technological advancements, and shifts in consumer behavior (Parkhomenko et al., 2024). These trends have facilitated the emergence of dynamic and interconnected networks of entrepreneurs, investors, mentors, educational institutions, government agencies, and support organizations.

These ecosystems provide SMEs with access to capital, talent, mentorship, markets, and other critical resources necessary for growth and sustainability (Kanda, 2024). These factors play a critical role in shaping the entrepreneurial ecosystem and have a significant impact on the performance and success of startups and small businesses. Access to finance ensures that entrepreneurs have the necessary capital to launch and scale their ventures, while entrepreneurial support infrastructure provides the guidance and resources needed to navigate the challenges of starting and growing a business. Additionally, a talented and skilled workforce enables startups to innovate and execute their business strategies effectively, contributing to their long-term success and competitiveness in the market. Several studies have highlighted the positive impact of a robust entrepreneurial ecosystem on SMEs growth. For instance, Isenberg (2010) emphasized the importance of supportive ecosystems in fostering entrepreneurial activity and enabling SMEs to scale their operations. Similarly, Autio et al. (2018) found that SMEs located within vibrant entrepreneurial ecosystems tend to experience higher levels of innovation, productivity, and competitiveness.

Furthermore, the emergence of digital technologies has reshaped the dynamics of entrepreneurial ecosystems, creating new opportunities and challenges for aspiring entrepreneurs. Scholars like Isenberg (2011); Astuty et al. (2024); Salih et al. (2024) have emphasized the role of digital platforms and online communities in democratizing access to resources and knowledge, thereby lowering barriers to entry and fostering entrepreneurial activity on a global scale.

However, the relationship between entrepreneurial ecosystems and SMEs growth is complex and multifaceted. While some ecosystems exhibit favorable conditions for SMEs development, others faced challenges such as limited access to funding, regulatory barriers, and insufficient infrastructure (Mason & Brown, 2014). Moreover, the effectiveness of entrepreneurial ecosystems in facilitating SMEs growth varies depending on the unique characteristics of the local context, including cultural norms, institutional frameworks, and industry dynamics (Mago & Merwe, 2023). SMEs often face significant challenges in accessing adequate and affordable financing, which impedes their growth and development. Despite the recognition of SMEs as vital economic drivers, many face barriers to obtaining loans or investment. Traditional financial institutions are often reluctant to lend to SMEs due to perceived high risks, lack of collateral, and insufficient credit histories. This perception leads to higher interest rates and stringent lending conditions, making it difficult for SMEs to obtain the necessary capital for expansion and innovation. Research indicates that in many developing economies, less than 20% of SMEs have access to formal credit (World Bank, 2020). This financing gap constrains their ability to invest in new

technologies, hire skilled labor, scale operations, innovate, and compete in the market. Without sufficient funding, SMEs are unable to invest in growth opportunities, leading to stagnant business performance and limited economic contributions.

Robust entrepreneurial ecosystems require strong networking and support structures, including mentorship, industry associations, and incubators. Many SMEs lack access to these critical resources. Networks and support structures provide SMEs with opportunities for collaboration, knowledge exchange, and resource sharing (Isenberg, 2011; Melendez-Campos et al., 2024). However, in many regions, these ecosystems are underdeveloped or inaccessible to small business owners. Poor infrastructure and limited access to modern technology impede the operational efficiency and growth potential of SMEs. Reliable infrastructure, including transportation, energy, and telecommunications, is essential for SMEs to operate effectively. Additionally, access to modern technology and digital tools can enhance productivity and competitiveness. In many regions, inadequate infrastructure and digital divides limit the potential of SMEs to grow and compete globally. Therefore, the absence of strong support networks limits the ability of SMEs to innovate, grow, and respond to market changes effectively.

Many entrepreneurs lack the necessary skills and knowledge to effectively manage and grow their businesses. This deficiency is often due to inadequate access to entrepreneurial education and training programs. Entrepreneurial skills encompass a broad range of competencies, including business planning, financial management, marketing, and innovation (GEM, 2020). However, educational institutions and training programs in many regions do not adequately address these needs, leaving entrepreneurs ill-equipped to handle the complexities of running a business. The lack of entrepreneurial skills hinders effective business management, innovation, and scalability, leading to higher failure rates among SMEs.

Despite the growing recognition of the importance of entrepreneurial ecosystems, there remains a need for deeper theoretical understanding and empirical research to elucidate the mechanisms and dynamics through which these ecosystems influence SMEs growth. Furthermore, existing studies often focus on qualitative assessments or anecdotal evidence, lacking rigorous empirical analysis (Audretsch & Keilbach, 2017; Stam & Van de Ven, 2020). Therefore, this study addressed these gaps by conducting an analysis of the impact of entrepreneurial ecosystems on SMEs growth, with a focus on SMEs operating in Ilorin metropolis, Kwara State.

**Research Objectives**

i. To examine the impact of access to capital on SMEs growth
ii. To determine the impact entrepreneurial support infrastructure has on SMEs growth
iii. To analyse the impact talent and knowledge exchange (TKE) have on the growth of SMEs.

## Literature Review

### Entrepreneurial Ecosystems (EEs)

Small and Medium Enterprises (SMEs) play a pivotal role in driving economic growth, innovation, and job creation in both developed and developing economies (Orlandić et al., 2023). The success and growth of SMEs are influenced by various internal and external factors, among which the entrepreneurial ecosystem has emerged as a significant determinant (Audretsch & Belitski, 2017). Entrepreneurial ecosystems are complex networks of interconnected actors, resources, and institutions that facilitate entrepreneurial activity within a specific geographic region (Acs et al., 2017). These ecosystems comprise entrepreneurs, investors, universities, government agencies, support organizations, and other stakeholders who collaborate to create a conducive environment for startups and small businesses (Stam & Spigel, 2016; Yan et al., 2024). Furthermore, the literature on entrepreneurial ecosystems has identified various dimensions and variables that may influence firm performance. These include access to finance (Mason & Brown, 2014), the quality of entrepreneurial support infrastructure (Stam & Spigel, 2016), the availability of skilled talent (Feldman & Zoller, 2012), and the presence of a vibrant entrepreneurial culture (Isenberg, 2010). These variables play a critical role in shaping the entrepreneurial ecosystem and have a significant impact on the performance and success of startups and small businesses. Access to finance ensures that entrepreneurs have the necessary capital to launch and scale their ventures, while entrepreneurial support infrastructure provides the guidance and resources needed to navigate the challenges of starting and growing a business. Additionally, a talented and skilled workforce enables startups to innovate and execute their business strategies effectively, contributing to their long-term success and competitiveness in the market.

### Access to Finance

Access to finance is a critical determinant of entrepreneurial success and ecosystem vitality (Posnaya et al., 2024). Startups and small businesses often require external funding to fuel their growth, develop innovative products, and expand their operations (Acs & Audretsch, 2010). However, limited access to capital can hinder entrepreneurship and innovation, particularly for early-stage ventures and those operating in high-risk industries (Audretsch & Belitski, 2017). Several studies have highlighted the importance of access to various sources of funding, including venture capital, angel investment, bank loans, and government grants, in facilitating entrepreneurial activity (Autio et al., 2014; Stam & Spigel, 2016).

### Entrepreneurial Support Infrastructure

Entrepreneurial support infrastructure encompasses a wide range of resources and organizations that provide guidance, mentoring, networking opportunities, and access to facilities and services for entrepreneurs (Mason & Brown, 2014). This infrastructure includes co-working spaces, incubators, accelerators, mentorship programs, and networking events

designed to provide guidance, mentorship, and access to expertise and resources (Autio et al., 2014). Research suggests that access to entrepreneurial support infrastructure can significantly impact startup success rates and ecosystem vibrancy (Isenberg, 2010). Incubators and accelerators, for example, offer entrepreneurs access to workspace, funding, mentorship, and networking opportunities, accelerating their growth and increasing their likelihood of survival (Spigel, 2017).

Moreover, the quality and accessibility of entrepreneurial support infrastructure can vary across regions, influencing the overall competitiveness of the ecosystem (Stam, 2015). Inclusive and accessible infrastructure that caters to the diverse needs of entrepreneurs, including those from underrepresented groups, can foster a more vibrant and inclusive entrepreneurial ecosystem (Autio et al., 2014).

**Talent and Knowledge Exchange (TKE)**

Access to a skilled talent pool is essential for startups and small businesses to innovate, grow, and remain competitive (Feldman & Zoller, 2012). Entrepreneurs often rely on a talented workforce to bring their ideas to life, develop innovative products, and drive growth (Acs & Audretsch, 2010). Regions with strong entrepreneurial ecosystems tend to attract and retain talented individuals with diverse skills and expertise (Stam, 2015). The presence of world-class universities, research institutions, and educational programs can contribute to the development of a skilled talent pool by providing training, knowledge transfer, and opportunities for collaboration (Feldman & Zoller, 2012).

**Growth**

Growth is a fundamental indicator of the performance and success of startups and small businesses within entrepreneurial ecosystems (Acs & Audretsch, 2010). It reflects the ability of firms to expand their operations, increase their market share, and create value for stakeholders (Stam & Spigel, 2016). Several factors contribute to the growth of startups and small businesses within entrepreneurial ecosystems. Access to finance is a critical enabler of growth, as it provides startups with the necessary resources to invest in innovation, expand their product offerings, and enter new markets (Mason & Brown, 2014). Venture capital, angel investment, and government grants are among the funding sources that can fuel growth and scale operations (Isenberg, 2010). Moreover, the presence of a supportive entrepreneurial support infrastructure can accelerate growth by providing startups with access to mentorship, networking opportunities, and specialized support services (Spigel, 2017). Incubators, accelerators, and co-working spaces offer valuable resources and guidance that can help startups navigate challenges and seize growth opportunities (Stam, 2015). Access to a skilled talent pool is another crucial factor that influences growth within entrepreneurial ecosystems (Feldman & Zoller, 2012). Startups rely on talented individuals with diverse skills and expertise to drive innovation, develop new products, and execute growth strategies (Audretsch & Belitski, 2017). Regions with a

robust talent pool and a culture of entrepreneurship are better positioned to attract and retain the talent needed for sustained growth (Stam & Spigel, 2016).

**Theoretical Review**

**Resource-Based View (RBV)**

The RBV posits that firm performance and growth are influenced by the availability and utilization of valuable, rare, and non-substitutable resources (Barney, 1991). In the context of entrepreneurial ecosystems, access to resources such as finance, human capital, and supportive infrastructure can facilitate growth by enabling startups to leverage their competitive advantages (Autio et al., 2014).

**Empirical Evidence**

Brown and Mason (2017) explored the importance of access to finance within EEs. They found that regions with better financial infrastructure, including venture capital and angel investors, exhibit higher growth rates in startups. This availability of finance helps firms scale rapidly. Similarly, Hong, Serfes and Thiele (2018) demonstrated that the presence of venture capital firms and experienced entrepreneurs in a region positively influences the likelihood of startup success. Klapper and Love (2010) in their study found a positive correlation between access to credit and firm growth, suggesting that improved access to finance leads to higher growth rates among startups. Moreover, a study by Brown, Rocha, and Cowling (2011) demonstrated that startups with greater access to external funding sources, such as venture capital and angel investment, exhibit higher levels of innovation and growth. Spigel (2017) emphasized the holistic nature of EEs, arguing that entrepreneurial success is not just the result of isolated factors but the interplay of various elements like culture, finance, and support systems. Stam and Van de Ven (2019) investigated the role of social and human capital in EEs. Their study indicated that networks of experienced entrepreneurs, mentors, and skilled labor are crucial for the growth of new firms. The presence of these networks accelerates knowledge transfer and innovation. A study by Stam et al. (2014) found a positive relationship between the density of entrepreneurial networks and regional economic growth. Autio et al. (2014) found that regions with strong entrepreneurial ecosystems exhibit higher rates of firm formation and job creation.

Teixeira et al. (2021) found a positive relationship between the availability of skilled labor and the growth of technology-based startups, suggesting that access to talent contributes to higher performance levels. In the same vein, Vedula et al. (2019) demonstrated that regions with a higher concentration of skilled workers experienced greater levels of entrepreneurial activity and firm performance, indicating the critical role of talent in driving ecosystem dynamics.

## Methodology

In order to collect and evaluate data for this study, a cross-sectional survey research design was combined with a method that was quantitative in nature. This design allows the researcher to quickly gather large amounts of data without the need for long-term follow-up and further provide representative data that is generalizable to the broader population. 3124 Small and Medium-Sized Enterprises (SMEs) that are registered with the Kwara State Internal Revenue Service and operate in Ilorin and pay taxes totaling one hundred thousand naira or more make up the target population. Using the Raosoft sample size calculator, a sample size of 343 was determined to be appropriate. A straightforward random sample method was used to guarantee that different sectors were represented. A closed-ended questionnaire was used to gather information on several facets of the SME development and entrepreneurial environment. The literature review helped in understanding the constructs to be measured and provided a basis for item generation. This thorough review ensures that the questionnaire is grounded in established theories and frameworks, enhancing its content validity. The main variables of the study were defined clearly as well as developing precise and relevant questions, ensuring that the questionnaire accurately measures the intended variables. Standard multiple linear regression analysis was used for analysis.

## Data Analysis

**Research Hypotheses**

**$Ho_1$:** SMEs growth is not significantly impacted by access to capital.

**$Ho_2$:** entrepreneurial support infrastructure has no significant impact on SMEs growth.

**$Ho_3$:** Talent and Knowledge Exchange (TKE) do not have a significant impact on the growth of SMEs.

**Table 1a Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .718[a] | .674 | .661 | 2.93368 |

a. Predictors: (Constant), Access To Capital, Entrepreneurial Support Infrastructure, Talent And Knowledge Exchange

**Source: Field Survey, 2024**

The model summary, as presented in Table 1a, reveals a R square value of 0.674, meaning that the constant factors of talent, knowledge sharing, entrepreneurial support infrastructure, and access to capital account for 67.4% of the variation in the dependent variable (the development of SMEs). The created regression model may be utilized for prediction-making, since its R2 value is statistically significant.

| Table 1b ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 551.036 | 3 | 183.679 | 23.951 | .000[b] |
| | Residual | 2607.767 | 340 | 7.669 | | |
| | Total | 3158.803 | 343 | | | |
| a. Dependent Variable: SMEs Growth | | | | | | |
| b. Predictors: (Constant), Access To Capital, Entrepreneurial Support Infrastructure, Talent And Knowledge Exchange | | | | | | |

**Source: Field Survey, 2024**

Additionally, Table 1b: ANOVA's regression results demonstrate that the estimated F-test was 23.951, significant at 1% [p<.000], and less than the 0.05 (p<0.05) p-value. This implies that changes in the dependent variable (SMEs growth) can be jointly influenced by the explanatory variable parts taken as a whole. Additionally, the results of an analysis of the dependent variable's variation were summarized in the table below. The large regression sum of squares value (551.036) in relation to the residual sum of squares value (2607.767) showed that the model was able to explain a significant portion of the dependent variable's variation. The model was therefore well-specified.

| Table 1c Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 13.065 | 1.031 | | 12.670 | .000 |
| | Access to Capital | .939 | .175 | .304 | 5.375 | .000 |
| | Entrepreneurial Support Infrastructure | .577 | .188 | .024 | 4.410 | .002 |
| | Talent and Knowledge Exchange | .461 | .214 | .136 | 2.151 | .032 |
| a. Dependent Variable: SMEs growth | | | | | | |

**Source: Field Survey, 2024**

The coefficient of independent factors is shown in Table 1c. The high positive correlation between the growth of SMEs and access to capital is indicated by the coefficient of access to capital, which stands at 0.939. Furthermore, as the alpha level of 0.05 is higher than the p-value, the probability and [t-statistics] values of.000 and [5.375] further imply that the link between the development of SMEs and access to capital is significant. Thus, it can be concluded that one of the main factors influencing the expansion of SMEs is the alteration of access to finance. The study's conclusions show a strong correlation between small company and startup development within entrepreneurial ecosystems and financial accessibility. According to an analysis of survey data gathered from business owners and startups that have greater access to a variety of funding sources—such as bank loans, grants

from the government, venture capital, and angel investments—tend to grow at faster rates in terms of sales, employment, and market expansion. Additionally, the research pinpoints many pathways by which financing accessibility impacts the expansion of startups. First off, firms may accelerate their growth trajectories by investing in innovation, product development, and market expansion when they have sufficient resources. Second, having access to financing shows other ecosystem participants that you are confident in your business, which draws in more funding, alliances, and talent and accelerates growth. Finally, firms that have adequate funding are better able to handle obstacles and take advantage of growth chances, such expanding into new markets, growing their business, and getting past growth hurdles. Research has demonstrated that, within entrepreneurial ecosystems, a startup's or small business's performance is highly impacted by its availability to funding (Ogujiuba et al., 2023). Studies by Pinto-Gutiérrez et al. (2023); Msomi (2023); Klapper and Love (2010); and others demonstrated a positive association between loan availability and business growth, indicating that better access to capital results in faster rates of growth for startups. According to a 2011 research by Brown, Rocha, and Cowling, firms that have more access to outside financing sources like angel and venture capital show better levels of development and creativity. For startups and small enterprises to expand and survive, access to financing is essential (Beck et al., 2000; Ranjan et al., 2023). Numerous scholarly investigations have emphasised the significance of varied financing channels, such as government grants, bank loans, angel investment, and venture capital, in bolstering entrepreneurial endeavours (Autio et al., 2014; Stam & Spigel, 2016; Abdul et al., 2018; Ajirowo, 2019). In addition to giving entrepreneurs the resources they need to get off the ground and grow, having access to capital gives them credibility with other ecosystem participants, which draws in more capital and talent (Isenberg, 2010; Abdulkareem et al., 2023). Entrepreneurial success and the health of ecosystems are significantly influenced by access to financing (Mason & Brown, 2014). According to Acs and Audretsch (2010), startups and small firms frequently need outside investment to support their expansion, innovate their goods, and accelerate their growth. Strong networks of financial institutions, investors, and financing programs that support the requirements of start-ups and small enterprises are common in areas with thriving entrepreneurial ecosystems (Spigel, 2017). The ecosystem may be strengthened and entrepreneurial activity can be encouraged by government policies and efforts that improve access to capital, such as loan guarantee programs and tax incentives for investors (Mason & Brown, 2014).

The coefficient of entrepreneurial support infrastructure, which is also included in the table, is 0.577, indicating that there is a positive correlation between the expansion of SMEs and this infrastructure. Furthermore, as the alpha level of.05 is higher than the p-value, the probability and [t-statistics] values of.002 and [4.410] further imply that the link between entrepreneurial support infrastructure and SMEs development is significant. Thus, it can be concluded that altering the infrastructure that supports entrepreneurship also helps SMEs flourish. According to research by Feldman and Zoller (2012), Spigel (2017), Sjaiful (2023), and Saah et al. (2023), startups and small enterprises need access to a competent workforce

pool in order to innovate, expand, and stay competitive. According to the research, areas with a high proportion of highly educated and talented personnel are more likely to stimulate economic growth and encourage entrepreneurial activity. This bolsters the assertions made by Amezcua, Grimes, Bradley, and Wiklund (2013); Ajirowo et al. (2023) that stronger business performance is linked to the existence of a strong infrastructure for entrepreneurship, which includes incubators and accelerators. Honig's (2004) research revealed that businesses that took part in business incubators grew and survived at better rates than those that did not, demonstrating the beneficial effects of an infrastructure supporting entrepreneurship on business performance. In a similar vein, Colombo and Grilli's (2005) found that companies that received assistance from business incubators were more innovative and profitable, which produced better performance results.

The talent and knowledge exchange coefficient of 0.461 indicates that the growth of SMEs and talent and knowledge exchange are positively correlated. Furthermore, as the alpha level of 0.05 is higher than the p-value, the probability and [t-statistics] values of.000 and [2.151] further imply that the link between talent and knowledge sharing and SMEs growth is significant. Therefore, it can be concluded that increased skill and knowledge exchange support the expansion of SMEs. This is in line with research by Shane (2003), who emphasized the significance of a talented labor pool in fostering business success in entrepreneurial ecosystems. The rise of technology-based startups was positively correlated with the availability of skilled labor, according to research by Bishnoi et al. (2023), indicating that access to talent is a factor in greater performance levels. Furthermore, researches by Razzaque et al. (2023); K00 (2023); Sternberg and Wennekers (2005); Ajirowo et al (2022); Ajirowo (2024) showed that areas with a higher skilled worker concentration also saw higher levels of firm performance and entrepreneurial activity, highlighting the crucial role that talent plays in influencing ecosystem dynamics.

Regression model GR= 13.065 + 0.939 AC + 0.577 ES + 0.461 TK is so written. This indicates that entrepreneurial environments foster the expansion of SMEs. The null hypothesis was rejected in light of the results, indicating that entrepreneurial ecosystems have a major influence on the growth of SMEs in the Ilorin Metropolis.

## Conclusion

Entrepreneurial ecosystems constitute the bedrock upon which SMEs thrive and catalyze economic growth. The following conclusions were drawn:

i. The study concluded that access to finance is importance in driving the growth of startups and small businesses within entrepreneurial ecosystems. By providing startups with the necessary resources to invest, innovate, and expand, access to finance plays a pivotal role in fueling entrepreneurial activity, job creation, and economic growth.

ii. Entrepreneurial support infrastructure serves as a catalyst for SME growth, fostering innovation, job creation, and economic development. This, in turn,

enhances the competitiveness and resilience of SMEs in dynamic market environments.

iii. Lastly, implementing structured talent and knowledge exchange programs yielded numerous benefits for SMEs, including enhanced growth, thereby bringing access to new markets and networks.

**Recommendations**

Based on the research findings, the following recommendations were proposed;

i. Financial institutions can design and offer innovative financial products tailored to the unique needs of SMEs. These could include microloans, peer-to-peer lending platforms, and venture capital options specifically targeted at small businesses. By improving access to finance, SMEs will secure the necessary capital for expansion, innovation, and day-to-day operations, leading to enhanced business growth and sustainability. Also, programs and initiatives aimed at improving financial literacy among entrepreneurs, empowering them to make informed decisions about financing options and investment opportunities should be invested on and implement policies and initiatives that promote diversity and inclusion within the financial ecosystem, ensuring equitable access to finance for women, minority entrepreneurs, and underserved communities. Governments can establish loan guarantee programs to reduce the risk for lenders, encouraging them to extend credit to SMEs. This would alleviate the financing constraints faced by SMEs, enabling them to invest in new technologies, hire skilled labor, and scale their operations.

ii. There should be promotion and formation of industry associations and clusters that facilitate collaboration, knowledge sharing, and collective problem-solving among SMEs. Strong networks enhance innovation, improve market access, and provide a platform for advocating policy changes beneficial to the SME sector. These educational institutions and industry associations should collaborate to develop comprehensive training programs focusing on entrepreneurship, business management, and emerging technologies. These programs should be accessible to SMEs of all sizes and sectors and incorporate practical insights and case studies to facilitate real-world application.

iii. Industry associations and educational institutions should collaborate to raise awareness about the importance of TKE among SMEs. This collaboration would produce a skilled workforce ready to take on entrepreneurial challenges, thereby supporting the growth and sustainability of SMEs. Training programs, workshops, and seminars can be organized to educate entrepreneurs and managers about the benefits of knowledge exchange and provide them with practical tools and strategies to implement within their organizations. Equipping entrepreneurs with essential skills will improve business management practices, drive innovation, and increase the chances of business success and growth. Foster partnerships between

businesses and educational institutions to integrate entrepreneurship education into curricula and offer practical training opportunities.

**Suggestions for Further Studies**

Policies and regulations significantly impact SMEs' ability to thrive. Future research can assess the effectiveness of different policy interventions and regulatory frameworks in supporting or hindering SME development**,** providing valuable insights for policymakers. Also**,** combining quantitative data with qualitative insights can provide a more comprehensive understanding of the complex dynamics within entrepreneurial ecosystems. Qualitative methods**,** such as interviews and case studies**,** can uncover nuanced perspectives and contextual factors that quantitative surveys may miss.

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