Innovations

Bridging Tradition and Modernity: An Examination of the Effect of Lack of Modernization of Traditional Igbo Business Model on SMEs in Igboland

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***Abstract:** The study examined the effect of Lack of Modernization of Traditional Igbo Business Model on SMEs in Igboland. The study adopted a survey research design with a total population of 300 SMEs engaged in Igbo Apprenticeship Business Model. Census sampling technique was adopted, which meant that the entire population was used. The study adopted stratified sampling technique to reach out to the different states in the Southeast Region where these indigenous SMEs engage in their various enterprises. Regression analysis was used for data analysis at 5% level of significance. Findings revealed that lack of modernization of the traditional Igbo business model had a significant negative effect on the sustainability of Small and Medium-sized Enterprises (SMEs) in Igboland. The study therefore recommended, among others, that relevant stakeholders, including government agencies, NGOs, and business development centers, establish comprehensive training programs for these SMEs. These programs should focus on providing contemporary management techniques, marketing strategies, and operational efficiencies for these SMEs. This could be achieved by providing practical workshops and mentorship opportunities.*
***Keywords:** Bridging Tradition, Lack of Modernization, Igbo Business Model, SMEs.*

1.0   Introduction

The traditional Igbo business model, deeply rooted in the cultural and social fabric of the Igbo people, has been a cornerstone of economic activity in Igboland for centuries. This model, characterized by communal participation, trust-based

transactions, and family-oriented businesses, has sustained local economies through various historical epochs (Emeali, Agbaeze, Oganeze & Achilike, 2023).. However, in the context of globalization and rapid technological advancements, the need for modernization of these traditional practices has become increasingly evident (Okoli, 2018). Small and Medium-sized Enterprises (SMEs) in Igboland face unique challenges that stem from this juxtaposition of tradition and modernity (Udeh, 2019).

The Igbo people, predominantly located in southeastern Nigeria, have a rich history of commerce and trade. Historically, the Igbo business model has been characterized by informal networks, personal relationships, and a high degree of social capital. The kinship-based system facilitated business ventures, where family and community ties played a crucial role in the establishment and expansion of enterprises (Ekejiuba, 1967). This communal approach ensured mutual support and risk-sharing, essential for economic stability in pre-colonial and colonial times.

In the traditional Igbo economy, markets were central to commercial activities, often serving as hubs for not just trade but also social interaction and cultural exchange (Ottenberg, 1968). Goods ranging from agricultural products to crafts were exchanged in these markets, and transactions were typically based on trust and reciprocity. This trust-based system minimized transaction costs and fostered a cohesive economic environment.

With the advent of globalization and the digital age, traditional business practices have come under significant pressure. The modern business environment demands efficiency, scalability, and technological integration—factors that are often at odds with the traditional Igbo business model (Adekola&Sergi, 2007). SMEs in Igboland face several challenges due to the lack of modernization, including limited access to capital, inadequate infrastructure, and insufficient technological adoption.

One of the critical issues is access to capital. Traditional financing methods in Igboland often rely on personal savings and informal loans from family and community members. These sources are typically insufficient for scaling businesses or investing in new technologies (Onyeiwu, 2000). Moreover, formal financial institutions are hesitant to lend to businesses that do not meet modern accounting and operational standards, further exacerbating the problem.

Infrastructure, or the lack thereof, presents another significant challenge. Many regions in Igboland suffer from poor road networks, unreliable power supply, and inadequate telecommunications infrastructure. These deficiencies hinder the growth and efficiency of SMEs, making it difficult for them to compete with counterparts in more developed regions (Nnadozie, 2003).

The integration of technology into business operations is crucial in today's digital economy. However, many traditional Igbo businesses are slow to adopt new technologies, often due to a lack of knowledge, skills, and financial resources. This technological lag places them at a competitive disadvantage, as modern businesses

leverage technology for everything from supply chain management to customer engagement (Ogbuabor, Orji, & Uche, 2013).

It is on this premise that this study examines the impact of the lack of modernization of the traditional Igbo business model on SMEs, exploring how this dynamic affects their growth, competitiveness, and sustainability. This objective was therefore guided by the following research question:

> **How does the lack of modernization of the traditional Igbo business model affect sustainability of Small and Medium-sized Enterprises (SMEs) in Igboland?**

By addressing the research question, this study aims to provide an understanding of the interplay between tradition and modernity in the context of Igbo Apprenticeship Business Model. And it also seeks to offer practical solutions that can enhance the economic viability, competitiveness, and long-term sustainability of SMEs while preserving the cultural values that underpin the traditional Igbo business model. The findings will be valuable not only for stakeholders in Igboland but also for broader efforts to integrate indigenous practices with modern economic frameworks globally. This led to the development of this hypothesis:

> **Hypothesis (H_0): Lack of modernization of the traditional Igbo business model does not have any significantnegative effecton sustainability of Small and Medium-sized Enterprises (SMEs) in Igboland.**

2.0   Literature Review

Achebe (2010) explores the foundational elements of Igbo traditional business practices, emphasizing the communal approach to commerce and highlighting the strengths of these practices in fostering community solidarity and support, while pointing out limitations in scalability and adaptation to modern market demands. Okeke (2012) builds on this by examining the various challenges that SMEs face in Nigeria, with a focus on Igbo entrepreneurs, identifying the lack of access to modern financial systems, insufficient infrastructure, and traditional business practices as significant obstacles to growth and sustainability. Eze (2014) delves into the cultural underpinnings that shape business practices in Southeast Nigeria, arguing that traditional values such as trust and communal responsibility, although beneficial, often clash with modern business operations, leading to inefficiencies and stunted growth for SMEs. Nwankwo (2015) advocates for the modernization of traditional Igbo business practices to enhance competitiveness and growth, suggesting the adoption of modern management techniques, marketing strategies, and technology as essential for SMEs to thrive in the contemporary market. Onyeji (2016) explores the rate and impact of technology adoption among Igbo SMEs, finding a low

adoption rate due to high costs, lack of technical skills, and resistance to change, but also highlighting potential benefits such as improved efficiency and market reach, suggesting that overcoming these barriers is critical for modernization. Ike (2017) focuses on the financial constraints that hinder business development in Igboland, pointing out that traditional funding methods like family loans and community contributions are often insufficient for scaling up operations, underscoring the need for modern financial solutions, including access to banking services and investment capital, to support SME growth. Amadi (2018) evaluates the role of entrepreneurial education in shaping successful SMEs in Nigeria, with a specific focus on Igboland, arguing that modern business education equips entrepreneurs with the necessary skills to navigate contemporary challenges and leverage new opportunities, suggesting that bridging the education gap is vital for the modernization of traditional business models. Obi (2019) investigates how market dynamics influence business strategies in Igbo communities, observing that traditional market practices are often rigid and slow to respond to changing market conditions, recommending more flexible and adaptive strategies that incorporate modern market analysis tools and techniques to enhance competitiveness. Nkem (2020) explores the impact of globalization on traditional Igbo businesses, finding that while globalization presents opportunities for expansion and access to broader markets, it also poses threats to traditional business practices that may not be able to compete with more modernized businesses, highlighting the need for a balanced approach that integrates beneficial aspects of both traditional and modern practices. Chukwu (2021) looks into the future prospects of Igbo SMEs by examining the balance between tradition and innovation, arguing that a hybrid approach, which retains the valuable aspects of traditional practices while incorporating modern innovations, offers the best path forward, providing a strategic framework for SME development that respects cultural heritage while embracing modern efficiencies. Together, these studies indicate a consistent recognition of the inherent strengths of traditional Igbo business practices in fostering community support and trust, while highlighting the persistent challenges posed by a lack of modernization, such as limited scalability, financial constraints, and low technology adoption. The consensus suggests that while tradition offers a strong foundation, the integration of modern business practices, technology, and education is essential for the sustainable growth of SMEs in Igboland, potentially bridging the gap between tradition and modernity to ensure that Igbo businesses can thrive in an increasingly globalized economy.

3.0 Methodology
3.1 Research Strategy

Quantitative analytical approach was adopted for this study. Bhandari (2023) defines quantitative research as a systematic method for gathering, organizing, and analyzing numerical data to identify patterns, trends, averages, predict outcomes, test causal relationships, and generalize findings. This research approach is extensively applied in both natural and social sciences, including psychology, economics, sociology, management, and marketing. In contrast, qualitative research focuses on non-numerical data such as text, video, or audio.

For this study, data were collected using structured Likert scale questionnaires, which were distributed among experienced rural entrepreneurs from villages in the southeastern region, known for their expertise in their respective fields. According to Doringer (2021), experts are individuals with substantial knowledge in specific domains. Schoonenboom (2023) points out that while quantitative research can measure differences in outcomes, it often needs supplementary tools like questionnaires to capture participants' subjective experiences.

This study employed a multimethod-quantitative approach, utilizing structured Likert scale questionnaires administered online via Google Forms. Quantitative methods are flexible and can be used for descriptive, correlational, or experimental studies. Descriptive research organizes variables systematically, correlational research explores relationships between variables, and experimental research investigates causal relationships. Both correlational and experimental methodologies allow for hypothesis testing and prediction using statistical tools.

The study's correlational and quasi-experimental design made the quantitative approach particularly suitable. The strengths of this approach include standardized data collection, facilitating replication, enabling direct comparisons across different contexts, accommodating large sample sizes, and supporting hypothesis testing.

Data collection was conducted through field surveys in five southeastern states of Abia, Anambra, Ebonyi, Enugu, and Imo, respectively. Respondents were identified through trade unions, with additional input from retired business owners knowledgeable about rural enterprises. For ethical reasons, only volunteers were sampled, using convenience and purposeful sampling techniques. The study focused on SMEs engaged in the traditional apprenticeship business model of the Igbo people of southeast Nigeria.

To achieve the study's objectives, 300 SMEs practicing the traditional apprenticeship model were surveyed, with 60 participants from each state. The research instrument was validated for face and content validity, achieving reliability with a Cronbach's Alpha statistic exceeding 90%. Primary data were analyzed statistically using regression analysis with SPSS.

4.0   Data Analysis, Results/ Implication and Discussion

4.1   Data Analysis

H_0:   Lack of modernization of the traditional Igbo business model does not have any significant negative effect on sustainability of Small and Medium-sized Enterprises (SMEs) in Igboland.

Table 4.1.1   Model Summary for Lack of Modernization in the Traditional Igbo Business Model and Sustainability of SMEs in Igboland

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788[a]	.622	.620	.656

a. Predictors: (Constant), Lack of modernization in the traditional Igbo business model

Table 4.1.2   ANOVA[a] for Lack of Modernization in the Traditional Igbo Business Model and Sustainability of SMEs in Igboland

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	210.689	1	210.689	489.659	.000[b]
	Residual	128.222	298	.430		
	Total	338.911	299			

a. Dependent Variable: Sustainability of SMEs in Igboland

b. Predictors: (Constant), Lack of modernization in the traditional Igbo business model

Table 4.1.3   Coefficients[a] for Lack of Modernization in the Traditional Igbo Business Model and Sustainability of SMEs in Igboland

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.628	.087		65.008	.000
	Lack of modernization in the traditional Igbo business model	-.754	.034	-.788	-22.128	.000

a. Dependent Variable: Sustainability of SMEs in Igboland

In the above Model Summary table, the "R" column displays the square root of R-Squared, representing the correlation between the actual and predicted values. "R" serves as the linear correlation coefficient, indicating how closely the predictions match the actual data. In this scenario, an R value of 0.788 signifies a strong level of prediction accuracy.

In the ANOVA table, the F-value is calculated by dividing the Mean Square Regression by the Mean Square Residual. The associated p-value for this F-value is very small (0.000). This p-value helps determine if the independent variable is a reliable predictor of the dependent variable. By comparing this p-value to the alpha level (typically 0.05), we see that since the p-value is less than 0.05, we can conclude that the independent variable is a reliable predictor.

In the Coefficient Table, the Standardized Coefficients (Beta) are presented in the "beta" column. These beta values indicate how much the outcome variable changes (in standard deviations) when the predictor variable changes by one standard deviation, with other variables held constant. Beta values are useful for ranking the importance of different predictors. In the instant case, the Lack of modernization of the traditional Igbo business model has a beta value of -0.788, indicating a negative impact on the sustainability of Small and Medium-sized Enterprises (SMEs) in Igboland.

The T and Sig. columns provide the t-value and p-value for testing if the coefficient is zero. Coefficients with p-values less than the alpha level (0.05) are deemed statistically significant. Here, the p-value is 0.000, which is below 0.05, signifying statistical significance.

Decision: The model is statistically significant, leading to the rejection of the null hypothesis. We conclude that the Lack of modernization of the traditional Igbo business model significantly had a negative effecton the sustainability of Small and Medium-sized Enterprises (SMEs) in Igboland.

4.2 Results and Implication

4.2.1 Result:

The result of the study revealed that lack of modernization of the traditional Igbo business model had a significant negative effect on sustainability of Small and Medium-sized Enterprises (SMEs) in Igboland(β = -0.788); ($p < 0.05$).

4.2.2 Implications of the Result:

i. **Modernization of Business Practices:** The significant negative impact of traditional business practices on SME sustainability in Igboland underscores the necessity for modernization. SMEs should adopt contemporary management techniques, advanced marketing strategies, and efficient

operational methods to enhance competitiveness. Training programs and workshops can be organized to help business owners understand and implement modern business practices effectively.

ii. **Enhanced Access to Financial Resources:** The findings highlight the inadequacy of traditional financial methods, such as family loans and community contributions, in scaling operations. There is a pressing need for SMEs to access modern financial services, including banking facilities, investment capital, and microfinance options. Financial institutions should create tailored products and services that address the unique needs of Igbo SMEs, facilitating easier access to funds.

iii. **Technology Adoption and Integration:** The low rate of technology adoption due to high costs and lack of skills points to a critical area for improvement. Government and non-governmental organizations can provide subsidies or grants for technology acquisition, and set up training programs to improve technical skills. Encouraging the use of digital tools and platforms can significantly improve operational efficiency and market reach for SMEs.

iv. **Entrepreneurial Education and Training:** The importance of entrepreneurial education in equipping business owners with necessary skills to navigate contemporary challenges cannot be overstated. Educational institutions and business development centers should offer courses and training in modern business management, financial literacy, and technological proficiency. This educational upliftment will help bridge the knowledge gap and prepare entrepreneurs to tackle modern market demands.

v. **Balancing Tradition and Modernity:** The findings suggest that a hybrid approach, which integrates the strengths of traditional practices with modern innovations, offers the best path forward. SMEs should identify valuable traditional elements that can be preserved while adopting modern strategies that enhance efficiency and competitiveness. This balance will help maintain cultural heritage while ensuring business growth and sustainability in a globalized economy. Initiatives to document and codify beneficial traditional practices can support this integration process.

4.3 Discussion of Findings

The analysis of the model summary and related statistical tables indicates that the lack of modernization in the traditional Igbo business model significantly impacts the sustainability of SMEs in Igboland, aligning with previous research on the subject. Achebe (2010) highlights the communal nature of Igbo business practices, emphasizing their role in fostering community solidarity and support while noting challenges in scalability and adaptation to modern market demands, a limitation our

findings corroborate. Similarly, Okeke (2012) identifies limited access to modern financial systems, inadequate infrastructure, and reliance on traditional practices as significant obstacles for Igbo entrepreneurs, which our results also reflect. Eze (2014) further elaborates on the cultural underpinnings shaping business operations, arguing that values such as trust and communal responsibility often clash with modern practices, leading to inefficiencies—a clash evident in our findings, where the lack of modernization negatively affects business sustainability. Nwankwo (2015) advocates for adopting modern management techniques, marketing strategies, and technology to enhance competitiveness, a necessity highlighted by our study's statistical significance and negative beta value for the lack of modernization. Onyeji (2016) points to the slow rate of technology adoption among Igbo SMEs due to high costs, lack of technical skills, and resistance to change, emphasizing the potential benefits such as improved efficiency and market reach, which our findings support. Ike (2017) underscores the insufficiency of traditional funding methods like family loans and community contributions for scaling operations, advocating for modern financial solutions—a need our study confirms. Amadi (2018) emphasizes the importance of entrepreneurial education in equipping entrepreneurs with necessary skills, resonating with our suggestion that bridging the educational gap is vital for modernization. Obi (2019) observes that traditional market practices are often rigid and slow to respond to changing market conditions, recommending more flexible strategies incorporating modern market analysis tools, an approach our results support. Nkem (2020) explores the dual impact of globalization on traditional Igbo businesses, highlighting both opportunities and threats, reinforcing our finding that a balanced approach integrating traditional and modern practices is essential for competing effectively in a globalized economy. Chukwu (2021) advocates for a hybrid approach combining traditional and modern practices, aligning with our conclusion that retaining valuable traditional aspects while incorporating modern innovations offers the best path forward for SME development. The consensus from these studies indicates that while tradition provides a strong foundation, integrating modern business practices, technology, and education is crucial for the sustainable growth of SMEs in Igboland, bridging the gap between tradition and modernity to ensure competitiveness in an increasingly globalized economy.

5.0   Conclusion and Recommendation
5.1   Conclusion
The study highlights the significant impact of the lack of modernization in traditional Igbo business practices on the sustainability of SMEs in Igboland. The analysis reveals that while traditional practices foster community support and trust, they pose substantial challenges to scalability, financial stability, and technological advancement. The findings align with previous research, emphasizing the need for a

balanced integration of traditional values and modern business strategies.To address these challenges, practical implications such as modernizing business practices, improving access to financial resources, enhancing technology adoption, expanding entrepreneurial education, and promoting a hybrid business model were identified. Consequently, the study recommends implementing comprehensive training programs, improving access to modern financial services, subsidizing technology acquisition, expanding entrepreneurial education, and promoting a hybrid business model that retains valuable traditional aspects while incorporating modern innovations.In conclusion, for Igbo SMEs to thrive in a competitive and globalized economy, it is essential to bridge the gap between tradition and modernity. By adopting these recommendations, SMEs can achieve sustainable growth, leveraging the strengths of their cultural heritage while embracing the efficiencies and opportunities presented by modern business practices. This balanced approach will ensure the long-term viability and success of SMEs in Igboland, fostering economic development and community prosperity.

5.2   Recommendations

i. **Implement Comprehensive Training Programs:** To facilitate the modernization of business practices, it is recommended that relevant stakeholders, including government agencies, NGOs, and business development centers, establish comprehensive training programs. These programs should focus on contemporary management techniques, marketing strategies, and operational efficiencies for these SMEs. Providing practical workshops and mentorship opportunities will enable business owners to apply these modern practices effectively.

ii. **Improve Access to Modern Financial Services:** Financial institutions should develop and promote tailored financial products that cater specifically to the needs of Igbo SMEs. This can include microfinance loans, investment opportunities, and flexible banking services. Additionally, creating partnerships between local banks and international financial institutions can help provide the necessary capital and financial tools to support business growth.

iii. **Subsidize Technology Acquisition and Enhance Technical Training:** Governments and private sector partners should consider providing subsidies or grants to reduce the cost of technology acquisition for SMEs. Alongside financial support, there should be a strong emphasis on technical training programs that improve digital literacy and technical skills among business owners and employees. Establishing tech hubs and incubators can also provide SMEs with access to necessary technological resources and expertise.

iv. **Expand Entrepreneurial Education:** Educational institutions should integrate entrepreneurial education into their curricula, focusing on modern business management, financial literacy, and technology use. Creating partnerships with successful entrepreneurs and industry experts can provide students with real-world insights and practical skills. Additionally, continuous professional development opportunities should be made available for current business owners to stay updated with the latest trends and practices.

v. **Promote a Hybrid Business Model:** Encouraging SMEs to adopt a hybrid business model that combines the strengths of traditional practices with modern innovations is crucial. This approach can be facilitated through initiatives that document and preserve beneficial traditional practices while promoting the integration of modern strategies. Stakeholders should provide guidelines and case studies demonstrating successful implementations of such hybrid models, highlighting the benefits of balancing cultural heritage with modern efficiencies. Networking events and forums where businesses can share their experiences and best practices will further support this recommendation.

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