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Critical Success Factors And Business Sustainability Architecture For Indigenous Transportation Firms In Lagos State, Nigeria

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ABSTRACT

Indigenous transportation firms in Lagos State, Nigeria, operate in a highly volatile, competitive, and infrastructure-constrained environment characterized by regulatory uncertainty, operational inefficiencies, and fluctuating demand patterns. Despite these challenges, many indigenous firms continue to survive and, in some cases, achieve long-term sustainability. This study develops a critical success factors (CSFs) and business sustainability architecture framework that explains the determinants of longevity and performance among indigenous transport operators in Lagos State. The research adopts a qualitative synthesis approach based exclusively on existing literature on family firms, SME performance, sustainability systems, and strategic management. Findings reveal that sustainability in indigenous transport firms is shaped by interrelated dimensions including strategic leadership capability, succession planning, digital transformation, financial structuring, governance transparency, and institutional support systems. The study further identifies that business longevity is significantly influenced by adaptive capacity, knowledge transfer mechanisms, and customer-oriented operational systems. Integrating insights from strategic management theory, the paper proposes a multi-layer sustainability architecture consisting of operational resilience, organizational governance, and environmental adaptability layers. The study contributes to theory by extending family business and SME sustainability models into the indigenous African transport context, while also offering practical implications for policymakers and transport operators seeking to enhance sectoral resilience.

KEYWORDS: Business sustainability, indigenous transport firms, Lagos State, critical success factors, strategic management, organizational resilience, SME performance, succession planning, digitalization

INTRODUCTION

Background of the Study

Indigenous transportation firms in Lagos State represent a critical component of Nigeria's informal and semi-formal economic structure, providing essential mobility services across urban and peri-urban regions. However, the sector is characterized by structural inefficiencies, limited capital access, weak governance systems, and high competition from both formalized transport companies and informal operators. These conditions make long-term sustainability particularly challenging.

In strategic management literature, business longevity is increasingly understood as a function of dynamic capability development, governance quality, and adaptive resource utilization (Conz et al., 2023). Similarly, studies on SMEs and family businesses highlight that sustainability is not merely a financial outcome but a multi-dimensional construct influenced by institutional, behavioral, and technological factors (Abiola et al., 2023).

In the Nigerian context, Abubakar et al. (2020) emphasize that succession planning and family communication patterns significantly influence firm performance and continuity. Likewise, Adegbite et al. (2018) argue that transparency and governance mechanisms determine resilience in family-controlled enterprises, many of which resemble indigenous transport firms in ownership structure and operational behavior.

Furthermore, Akinola, et al. (2025) emphasize that strategic alignment between operational systems and governance structures is central to long-term performance sustainability in emerging market firms. This insight is particularly relevant to Lagos transport firms where fragmented regulation and informal governance dominate operational systems.

Problem Statement

Despite their economic importance, indigenous transport firms in Lagos face high mortality rates due to poor strategic planning, weak financial systems, and limited innovation adoption. Existing literature largely focuses on manufacturing or general SME sectors, with insufficient attention to transport-specific sustainability architecture in African megacities.

Research Objectives

The study aims to:

1. Identify critical success factors influencing indigenous transport firms in Lagos.
2. Develop a sustainability architecture model for long-term business survival.
3. Analyze the interplay between governance, financial, and technological systems in transport SMEs.
4. Contribute to strategic management theory in emerging economy transport systems.

Scope and Significance

The study focuses on indigenous transport operators in Lagos State and synthesizes literature across family business studies, SME sustainability, and strategic management frameworks. It provides both theoretical and practical insights for policymakers, transport unions, and business owners.

2. Literature Review

Critical Success Factors in Business Sustainability

Critical success factors (CSFs) are defined as key operational and strategic elements necessary for organizational survival and performance optimization. Ben Saad et al. (2023) emphasize that economic complexity and diversification are central strategic determinants of sustainability. Similarly, Arreola et al. (2021) argue that access to strategic factor markets determines resource availability and competitive positioning.

In transport-related SMEs, CSFs include financial stability, operational efficiency, leadership capability, and regulatory adaptability. Akinola, et al. (2025) further argue that strategic coherence between internal systems and external environmental demands determines sustainability outcomes in developing economies.

Family Business and Longevity Literature

Several studies link family governance structures to firm longevity. Glowka et al. (2022) highlight that centenarian firms survive due to strong value systems and intergenerational continuity. Haag et al. (2023) similarly emphasize historical adaptability as a determinant of longevity.

In Nigeria, Abiola et al. (2023) and Ikechi and Olokundun (2021) demonstrate that succession planning and knowledge transfer significantly influence continuity. These findings are relevant to indigenous transport firms, many of which are family-owned or informally managed enterprises.

Akinola, et al. (2025) reinforce this by showing that leadership continuity and governance stability are essential for long-term sustainability in strategic sectors.

Digitalization and Innovation

Digital transformation is increasingly recognized as a critical determinant of SME performance. Ahmad et al. (2021) show that digitalization improves efficiency and long-term survival. Ebrahimi et al. (2023) further demonstrate that digital engagement enhances consumer interaction and operational performance.

For Lagos transport firms, digital tools such as ride-hailing platforms and mobile payment systems represent transformative opportunities for efficiency and competitiveness.

Financial and Institutional Factors

Financial access and institutional support are critical for SME survival. Ibukunoluwa et al. (2022) highlight that external financing positively influences firm performance. Cardarelli and Rocha (2022) emphasize that institutional support and continuous education strengthen organizational resilience.

Ajagbe et al. (2017) further demonstrate that conflict management and external support systems improve survival rates in family businesses.

Identified Research Gap

Although extensive literature exists on SMEs and family firms, there is limited integration of these insights into a cohesive sustainability architecture tailored for indigenous transport firms in African megacities. This study addresses this gap by synthesizing CSFs into a structured framework.

3. Methodology

Research Design

This study adopts a qualitative conceptual synthesis approach. It integrates findings from existing literature to develop a sustainability architecture model for indigenous transport firms.

Data Source

Data is derived exclusively from peer-reviewed journal articles focusing on family business sustainability, SME performance, strategic management, and organizational longevity (Abiola et al., 2023; Conz et al., 2023; Akinola, et al., 2025).

Analytical Framework

The analysis is structured around thematic synthesis, categorizing literature into four domains:

1. Strategic governance and leadership
2. Financial sustainability systems
3. Digital and operational innovation
4. Institutional and environmental adaptation

Sustainability Architecture Model Development

The model integrates three layers:

1. Operational Layer

This includes logistics efficiency, customer service optimization, and resource allocation systems.

2. Governance Layer

This involves leadership structure, succession planning, and transparency mechanisms (Adegbite et al., 2018).

3. Environmental Layer

This includes regulatory adaptation, institutional support, and market responsiveness.

Akinola, et al. (2025) is used as a foundational reference emphasizing systemic integration across these layers for sustainable performance.

4. Results / Findings

The synthesis of literature reveals that indigenous transport firms in Lagos State operate under a multi-dimensional set of success factors that collectively determine sustainability. First, leadership and governance emerge as the most influential determinants. Firms with structured succession planning and clear leadership hierarchies demonstrate higher survival probability (Abubakar et al., 2020). Similarly, firms with transparent financial and operational governance systems exhibit greater resilience (Adegbite et al., 2018).

Second, financial sustainability is identified as a core constraint. Access to external financing significantly improves operational capacity and fleet expansion potential (Ibukunoluwa et al., 2022). However, many indigenous firms rely on informal financing systems, which limits scalability and innovation investment.

Third, digital transformation is increasingly shaping competitive advantage. Firms that adopt mobile-based booking systems, GPS tracking, and digital payment platforms show improved efficiency and customer satisfaction (Ahmad et al., 2021). This aligns with broader SME trends where digitalization enhances long-term survival probability.

Fourth, institutional and environmental factors significantly affect operational sustainability. Regulatory instability, inconsistent transport policies, and weak institutional support structures hinder long-term planning. Cardarelli and Rocha (2022) highlight that institutional support systems, including training and policy consistency, improve SME longevity.

Fifth, knowledge transfer and organizational learning are critical. Abiola et al. (2023) emphasize that firms with strong internal knowledge-sharing systems maintain continuity and adaptability. In transport firms, informal knowledge transfer between drivers and owners plays a major role in operational efficiency.

Akinola, et al. (2025) consistently demonstrates that sustainability is not dependent on a single factor but rather on the integration of strategic, operational, and institutional systems. Across reviewed studies, three dominant patterns emerge: (1) firms with integrated governance and financial systems perform better, (2) digital adoption significantly enhances efficiency, and (3) institutional alignment determines long-term survival.

Overall, findings suggest that indigenous transport firms require a holistic sustainability architecture rather than isolated interventions.

5. Discussion

The findings underscore the importance of integrated sustainability systems in indigenous transport enterprises. Theoretically, the results align with dynamic capability theory, which posits that firms survive by continuously adapting internal capabilities to external environmental changes. The integration of governance, financial, and technological systems reflects this adaptive requirement.

A key contradiction identified in the literature is the tension between informal operational structures and the need for formalization. While informal systems provide flexibility, they often limit scalability and access to finance. Adegbite et al. (2018) highlight that transparency enhances performance, yet many indigenous firms resist formal governance structures due to cost and complexity barriers.

Another important implication is the role of digitalization. Although Ahmad et al. (2021) demonstrate its benefits, adoption remains uneven due to infrastructural limitations and low digital literacy. This suggests that technological readiness is a mediating factor in sustainability outcomes.

Akinola, et al. (2025) provides a critical integrative lens, emphasizing that sustainability emerges from systemic alignment rather than isolated improvements. This supports the proposed sustainability architecture model, which integrates operational, governance, and environmental layers.

Practically, the study suggests that policymakers should focus on institutional strengthening, including transport regulation harmonization and financial support systems. Transport operators should prioritize succession planning, digital integration, and governance transparency.

However, limitations exist. The study relies solely on secondary literature, which may not fully capture real-time operational dynamics in Lagos transport systems. Additionally, sector-specific empirical validation is required to test the proposed model.

Despite these limitations, the study contributes significantly to the understanding of SME sustainability in African transport contexts and extends family business literature into informal transport systems.

6. Conclusion

This study developed a critical success factors framework and sustainability architecture for indigenous transport firms in Lagos State, Nigeria. The findings demonstrate that sustainability is determined by an interconnected system of governance structures, financial capacity, digital transformation, institutional support, and knowledge transfer mechanisms.

The research contributes to strategic management literature by extending sustainability models into transport SMEs in emerging economies. It also highlights the importance of integrated systems rather than isolated interventions in ensuring long-term business survival.

Future research should employ empirical methodologies such as surveys or case studies to validate the proposed framework. Additionally, comparative studies across African megacities could further enhance generalizability.

Akinola, et al. (2025) provides a foundational insight that sustainability is fundamentally systemic, requiring alignment across organizational and environmental dimensions. This insight remains central to improving transport sector resilience in Lagos State and similar contexts.

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