

Sustainability in the Nigerian Business Environment: Problems and Prospects

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Abstract: *The business environment of an enterprise consists of the internal and external environmental factors affecting the performance of business enterprises. The environmental factors consist of all the factors or variables, both inside and outside the business. In order for businesses to accomplish their objectives and goals, they have to brace both their internal and external environment. The research focused on the Sustainability in the Nigeria Business Environment: Problems and Prospects. The study adopted conceptual approach in order to identify some challenges confronting Nigeria business environment, Measures of tackling challenges confronting Nigeria business environment and key strategies for business sustainability. System theory was adopted. It was concluded that the business environment is considered as being central to economic activities and growth worldwide. For a business to realize its objective, it depends greatly on the ability of the enterprise to accomplish its key performance indicator in a sustainable manner. The study therefore recommends that Government should create friendly and enabling environment that would be conducive for both business organizations and investors to thrive in order to ensure sustainability and growth of the economy.*

Keywords: Sustainability, Business Environment, Insecurity, Multiple tax system

1. BACKGROUND OF THE STUDY

A business does not operate in a vacuum. Normally, a business operates in a multidimensional environment. The environment itself is subject to a large degree of change. The affiliation between business and its environment is one of mutuality: that is, the environment exerts hassle on the business while the business, in turn, influences some aspects of its environment. A business is influenced by the environment in which it operates and the success of any business is dependent on its ability to adapt to its environment. Business as part of man's activities thrives in conducive and sustainable environment. Conducive and sustainable environment depends on the availability of infrastructure put in place by the government. Nigeria's business environment in the recent years has been coloured with fear and uncertainty leading to collapse of some business outfits particularly, the small scale industries and the relocation of the big ones to other countries.

Business environment can be simply understood as the combination of all environmental conditions and influences that are capable of affecting or influencing business activities. Business environment entails social political, cultural and economic factors or conditions that are capable of affecting the life, growth and development of business outfit or venture. This conditions range from customer's choice, changes to government policies. Business environment is marked by different dynamic features such as global competition, information technology, quality service revolution and corporate social responsibility which are compelling managers to rethink and reshape their approach to their various operation responsibilities (Obasan 2014). Due to this paradigm shift, new firms are emerging that are more responsive to both their internal and external

environments (Luthans, 1995). The internal factors exist within the operational base of an organization and directly affect the different aspect of business. These internal factors include poor quality staff, lapses in internal control, bad resource/financial management, operational weaknesses, high staff turnover and over-leveraging while the external factors include government regulation, economic recession, political turmoil, low cost competitors, changes in customer behavior, environmental/ health issues, technological changes, natural disasters, change in input supply, changes in macro economic variables and terrorist attacks (Obasan 2014). Hence, it is important for a business to keep a pace with the various changes in the environment. Competitive pressure as it is the most striking change has made competitors apply different strategies to adjust to the unpredictable nature of the business enterprise environment (Bayode & Adebola, 2012).

The business environment globally is perceived to influence the performance of enterprises. The external business environment consists of extraneous factors that are beyond the control and cannot be manipulated by the business enterprise management. The business enterprise is obliged to be cognizant with its operating environment in order to heighten its performance. Furthermore, the environment and business enterprises are in a mutually interdependent interaction. This is because an enterprise exists in the world of threats, resources, limits, and opportunities. Small and medium enterprises in Nigeria, several factors influence their performance and tend to make their operating environment unsafe for investment and unfriendly. Thus, there is need for knowledge of these factors and how they influence an enterprise performance.

1.1 Statement of the problem

Business environment in the last one decade has witnessed unsatisfactory progress cumulating into retarded growth rate, high rate of unemployment, low industrial output, coupled with poor demand in terms of services and tangible products. Energy crisis continued unabated forcing majority of the organisations to depend wholly on generator. In the face of these problems business is not good enough to achieve a sustainable development. Business as social institution, is faced with challenges of social considerations which focus on specific issues that has to do with activities and transactions with employees, customer shareholders, suppliers, social consideration include protecting the health and safety of the general population, preventing harm to the natural environment, developing and deploying ethical standards and practices, meeting cultural and social norms, balancing interest of the business with the interests of the society and being a proactive entity (Rainey, 2008). In Nigeria, businesses have packed up, staggered, collapsed, and relocated as a result of unfavourable conditions of the environment. Nigeria is blessed with abundant natural resources. It is expected that every necessary infrastructure needed to drive the economy are put in place to enable business and all other economic activities thrive accordingly but Nigeria's business environment is characterized by uncertainty policy instability and lack of necessary infrastructure. The most critical infrastructure needed to drive the economy is conspicuously absent. Power (Electricity) supply is poor, roads are bad, policies are unstable and insecurity unabated (Ogunro 2014). This picture clearly depicts unfriendly business environment for any investors. These problems have been found to be capable of impeding business activities in any economy.

1.2 Objectives of the study

- 1) To ascertain the challenges confronting Nigeria business environment.
- 2) To identify the key strategies for business sustainability.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Business Environment

The success of every business depends on adapting itself to the environment within which it functions. Hence, the term business environment represents all forces, factors and institutions that are beyond the control of the business and affect the functioning of a business enterprise. These include customers, competitors, suppliers, government, and the social, political, legal and technological factors (Obasan 2014). To Carrasco (2007) in Babalola and Abel (2013) environment has been seen as the totality of the factors that affect, influence, or determine the operations or performance of a business and this was interpreted by Azhar (2008) that environment determines what is possible for the organization to achieve. In a nutshell, environment is the combination of many factors both tangible and non-tangible elements that

provides lifeblood support for the organizational success through provision of market for its products and services and also by serving as a source of resources to others. Therefore, the environment of a business is the aggregation of the pattern of all the external and internal conditions and influences that affect the existence, growth and development of the business. Oluremi and Gbenga (2011) in Babalola and Abel (2013) asserted that business organisation that wants to succeed must develop a clear understanding of the trends of business environment and forces that shape competition. The understanding in question will enable the organization to choose the appropriate strategy or strategies that fit the trends in the business environment arrived at through environmental scanning analysis with focus on the variables such as strengths, weaknesses, opportunities and threat (SWOT). The views of Adeoye (2012) was in support as he opined that the dynamic and rapidly changing environment in which most business organizations compete is important that organizations maintain their performance measurement system through adoption of appropriate strategies that would provide information found to be relevant to the issues that are of paramount importance. However, Ibidun and Ogundele (2013) was of the opinion that understanding the nature of business environment which can be classified into three namely dynamic (continuous changes), stable (relative changes) and unstable (frequent changes) would further help in repositioning the organization through appropriate strategies while Ogundele (2005) added that the perception of the organizations about the nature of the business environment to a large extent depends on their size and industry in which it operates. Bastedo (2004) asserted that the external environment has an influence on the manner in which business organization performs and that the nature of the influence is depending on how its impact is managed.

According to Adebayo et al. (2005) business environment can be broadly categorized into internal and external environment with the former comprising variables or factors within the control and manipulation of the firm to attain set objective while the latter encompasses factors that are outside the control and manipulation of the firm. Hence, firm must develop a plan that will help it to cope with the various environmental forces (Oluremi and Gbenga, 2011). Business environment of an enterprise consists of the internal and external environmental factors affecting the performance of business enterprises. The environmental factors according to Alkali and Isa (2012) consist of all the factors or variables, both inside and outside the business. In order for small businesses to accomplish their objectives and goals, they have to brace both their internal and external environment. The external environment of an enterprise was first acknowledged by open systems theorists who observed that an organization operate not in self-contained isolated units but in continuous and inevitable interaction with the large system within which they operate (Pearce & Robinson, 2011). Business environment as defined by Obiwuru,

Oluwalaiye, and Okwu (2011) comprises the totality of the external and internal situations that affect the survival and growth of an enterprise. In accordance with Onwukwe and Ifeanchi (2011), the business environment factors which includes; firm's improvements in competition and owners, market, technology, clients and suppliers, laws and government policy, social and economic trends. Also, business environment can be defined as comprising such factors as economic, infrastructure, social, cultural, political, socio-cultural organisations, international organisations and technological environments (Blurtit, 2013; Yusuf, 2014). According to Adebayo et al. (2005) business environment can be broadly categorized into internal and external environment with the former comprising variables or factors within the control and manipulation of the firm to attain set objective while the latter encompasses factors that are outside the control and manipulation of the firm. Hence, firm must develop a plan that will help it to cope with the various environmental forces (Oluremi and Gbenga, 2011).

2.1.2 Business Sustainability

The World Council for Economic Development (WCED) defines sustainability as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainability, therefore, is an approach to creating true and real value to the systems and resources upon which that value depends on. Taking this further, Business Sustainability can be said to be a process of analysis and decision making across business functions, obtained through a committed and clear understanding of transitions that may occur in the present or the future. But the sustainability is not easy to achieve. Nidumolu, Pralahad and Rangaswami (2009) and Willard (2012) suggest that the sustainability may become an integral part of the business strategy and operations only if the company overpasses the different challenges at each stage of the process for sustainability and develop new capabilities to tackle these challenges. Nidumolu, Pralahad and Rangaswami (2009) proposed five stages process of sustainability which are compliance, sustainable value chain, design of sustainable goods and services, development of new business model and creation of next-practice platforms. Essentially, business sustainability is about ensuring that the business doesn't run out of the resources (whether human or material) it needs in order to thrive. This also means that it doesn't just take a short term view of profit, but instead, operates in such a way that it is profitable now (even though it may not be maximizing its profits) and it will be profitable in the future because it is using its resources well, has hedged its risks and can take any shocks that may occur. Sustainability has been defined by Jodha (1990) quoted by Grace, Ebuomwan et al, (1990) as the ability of a system to maintain a well defined level of performance over time and if required, to enhance output without damaging the essential ecological integrity of the system. In the opinion of Glenn, Wisner and Daniel, Magraw (2005), the concept of

sustainability means that development efforts, including those aimed at protecting the health and the environment, should be undertaken in a manner that will not frustrate the ability of future generations to meet their needs.

2.2 Theoretical framework

The study is anchored on system theory. Nwachukwu (2006) defines a system as "a set of interrelated and interdependent parts arranged in a manner that produces a united whole" while Kuhn (1974) considers a system as "any pattern whose elements are related in sufficiently regular way to justify attention". Laszlo and Krippner (1997) view a system as a boundary maintaining entity with complex interacting components that sustain relationships. With the social Sciences these boundaries do not only become weak but keep changing as behaviours change. The systems theory holds that an organization is a system that needs to work harmoniously not only within itself but that it is a system within a collection of other systems and, therefore, needs to work also in congruence with the other systems around it. What happens in the larger system is capable of affecting the organization either positively or negatively.

System approach to the study of the organization sees the business organization as a system which is an interrelated element that acquires input from the environment, transforms them and discharges output to the external environment; the interrelated element means that people, department, organization agencies depend on one another. The organization and its subsystems are interrelated and further related to their environment. Therefore, the organization must achieve its objective within the threat, weakness, and turbulence that form an integral part of its political environment. The General Systems theory aims at looking at the entire world as a composite of co-existing, interacting and interrelating elements. As captured by Laszlo and Krippner (1997), "the General systems approach encourages the development of a global, more unitary consciousness, teamwork, collaboration, learning for life and exposure to the universal storehouse of accumulated knowledge and wisdom."

2.1.3 Challenges that bedevil Nigeria's Business Environment

In Nigeria, several factors affect business environment, these factors make Nigeria's business environment unfriendly and unsafe for investment. Despite the growth of the economy and the potential of great business opportunities, there are **challenges of Nigeria business environment** which stand as predators (**constraints**) to the survival of **business** in the country.

Insecurity:

Security is the course of action allied with the eradication of any sort of threat to man and his values (Adegoke, 2014). The deficiency in adequate and proficient security brings about the notion of insecurity. Nwagbosa (2012) asserts that insecurity signifies different meanings such as: anxiety, fear,

instability, uncertainty; danger; hazard; absence of safety; and lack of protection. There is high level of insecurity in the country, particularly, in the Northern zone where (BokoHaram) has become a threat to business activities. No investor will be willing to invest where his investment is not secured. Many companies in the Northern part of the country have stopped operation due to “Boko Haram” scourge (Ogunro 2014). Any business environment that is bedeviled by insecurity would not attract investors talk less of foreign investment, which Nigeria dearly desires. Investment flight and apathy plaguing Nigerian business environment must be halted through deliberate, well thought out policies and strategies without which Nigerian would remain poor. The security situation in Nigeria continues to be influenced by terrorism, armed conflict and general crime. The rise to prominence of Boko Haram in North East Nigeria has proven to be a considerable challenge to the country’s security forces.

Multiple tax system:

According to Afuberoh and Okoye (2014), taxation is a requirement for a mandatory payment of money by the citizens of a country by the government for the government support and also for the support of the general public. Osita, (2004) sees taxation as a compulsory levy by government through its various agencies on the income, capital or consumption of its subjects. Sanni (2012) sees tax as a statutory obligatory levy charged on property, individual income or an enterprise income, or transactions purposefully for funding the government. Multiple taxations in relation to a company or individual is a situation where the same profit or income respectively which is liable for tax in Nigeria has been subjected to tax by another tax authority in Nigeria or another country outside Nigeria (Osita, 2004 in Adebisi and Gbegi 2013). In such situations relief is usually granted to that tax payer for the earlier tax paid or to which he may be liable. Specific arrangements are made with a view to preventing such multiple taxes or to provide relief as is appropriate in the circumstance. Multiple taxation means the subjection of the same income to more than one tax treatment or imposition. Ojeka (2012) noted that there are three basic structures of tax. Firstly, a proportional tax which is when an amount is levied indirectly on the taxpayer income. Secondly, a regressive tax which charges at a much higher rate to persons receiving lower income than those receiving a higher income. Lastly, progressive tax which levies at a higher rate to high income earners. There is multiplicity of taxes by tiers of government which makes the cost of doing business higher the necessary. MAN (2010) cries aloud that Nigerian business environment has come under the heavy yoke of multiple taxations, which is capable of crippling businesses. In a well-documented survey, MAN found that 119 different taxes and levies are being imposed by various tiers of government across the three states as against only 39 approved by taxes and levies (Approved list of collection) Act 1998. According to the Small and Medium

Scale Enterprises Development Agency of Nigeria (SMEDAN) Nigeria, 80% of SMEs die before their 5th anniversary. Among the factors responsible for these untimely close-ups are tax related issues, ranging from multiple taxations to enormous tax burdens etc. In many government policies, small and medium scale enterprises are usually viewed and treated in the same light as large corporations.

Poor Power Supply

Nigerian government has not been able to find a lasting solution to the situation of poor power supply in the country which affects the big organizations including the multi-purpose and one-man businesses. There is insufficient energy generation and distribution in Nigeria. Electricity is the life wire of any manufacturing company particularly, large scale industries which use automation of different kinds. The supply of electricity in Nigeria is poor to the extent that companies are forced to quit business in Nigeria and relocate to other African countries. This is because, alternative power supply increases overhead cost of doing business, which is capable of affecting the overall purpose of doing business (Uffot, 2009). The presence of this as a major constraint of Nigeria business environment has killed a lot of infant industries in the country. Abiodun, (2014) decried the overwhelming costs of running generators to manufacture goods, which has consequently increased the costs of production and prices of goods and services. Oni (2004) identified electricity infrastructure, and posited that access to a reliable power supply is generally in developing countries considered to be imperative to SMEs operations. He added that accessible and constant supply of electricity infrastructure brings about business growth, productivity, and encourages investment, but when it is inadequate businesses’ productivity and growth suffer. According to Buhari (2000), an unreliable electricity supply can affect a number of business operations aspects. The inability of Nigeria to provide adequate power supply has inevitably crippled the economy as many industries have been caused to shut down or cut down on expenses due to using generators which has made them to either reduce workers or close down completely thereby making more able bodied people without work. Inadequate power supply in the country has also reduced the number of investors coming into the country to invest. Fundamentally, the power sector, a component of which is the electricity sector of the economy has a great importance to our lives and takes central role in the economic transformation process. Currently power generation capacity in Nigeria is estimated to be around 6,000 megawatts, with average working capacity of 2,000 megawatts, to provide electricity for over 150 million people while in Finland the current megawatts is estimated to be around 36,000 megawatts, providing electricity for 5.5 million people.

The Nigerian power sector has been regarded to as the most challenging constraint to aspiring entrepreneurs.

Poor Transportation Network and connectivity

Daramola (2003) identified transport infrastructure as one of the external environment factors that have a strong bearing on an enterprise performance. The significance of transportation infrastructure to a nation cannot be overlooked as its efficiency act as catalysts for national development. The state of the Nigeria roads is another factor that discourages new entry into entrepreneurship and the growth of existing entrepreneurs. The cost of air transportation in Nigeria is expensive and the rail transport is almost not functioning (Anyadike, Emeh & Ukah, 2012). The Nigerian transport infrastructure is largely unfavourably in terms of quality and service coverage when compared with some African nations. Particularly, the rural areas are largely deprived of efficient transportation infrastructure. The country has been for a long time facing poor motorable roads all over the nation. Especially ones linking the rural areas to the urban areas that could aid the welfare of the Agricultural Sector of the Economy as well as the free movement of the people as a whole. Other means of transportation including the railways and waterways also have not been fully established (Abdulfatai 2018).

Lack of Enabling Environment and Infrastructure

The Nigerian business environment lacks basic amenities and infrastructure that aids and helps business development and survival. For example, if an investor intends to start or set up a production firm, he or she will find out that they need to provide their building, water supply, logistics and other amenities needed. Fulmer (2009) added that infrastructure includes all the services and facilities that are indispensable for an economy to function well. Onugu (2005) identified infrastructure as one of the ten major challenges facing Nigerian SMEs. According to Aminu, Salau and Pearse (2013) not all types of infrastructure are adequately developed in Nigeria. According to Anyadike, Emeh and Ukah (2012) the worldwide idea about infrastructural facilities is that a number of indispensable infrastructural facilities give support to productivity and abet the development of the body and mind of citizens in any environment. In Nigeria, the basic facilities such as good water supply, good roads, constant power, easy information accessibility and several other tools of trade as well as an enabling environment are not adequately available in the country. This situation has frustrated a lot of potential entrepreneurs especially among the youths with bright idea. In spite of the obvious importance of infrastructure to the nation, governments both at the national and local levels have continued to pay lip service to the provision of infrastructure (Financial News, 2014). As a consequence, the country's growth prospect is undermined.

2.1.4 Measures of tackling challenges confronting Nigeria business environment

The practical ways government can create the right environment for businesses to thrive are through the following, namely:

Improve power supply: The government should increase and improve power generation capacity to ensure that electricity is regularly supplied to every nook and cranny of the country. This will attract investors and assure them of good and profitable business and investment. Adequate electricity supply stimulates economic activities in the country because virtually every economic growth is tied to it. Electricity plays important role in economic growth and development because every other sector of the economy depends on adequate supply of electricity. Electricity is a foundation stone of the modern industrial economy. It provides an essential ingredient for almost all human activities. It provides services for cooking and space/water heating, lighting, industry, food production and storage, education, mineral extraction, industrial production and transportation. Electricity is indispensable to socio-economic and industrial development of a nation, and the strategic role of it and its policy in developed economy has been appreciated by these nations. The energy sector plays a major role in economic transformation of a country, a driven force behind a sustainable economy. The projected growth of an economy depends heavily on the performance and growth of the power sector. Energy is one sector with great impact in the economy; the energy sector can influence the economic development mainly in two ways, Capacity for large investments and price of energy, the investments in the energy sector can stimulate national enterprises and the industrial capacity, while the price of energy is pervasive to all sectors and influences the competitiveness of the country. The benefits of energy to commercial, transportation, industrial and household cannot be over emphasized. Hence, an impressive performance of Gross Domestic Product (GDP) is driven by the effective supply and consumption of energy. As a key component of national sector, energy (electricity) is the major sources of advancement and improvement in the standard of living of the people by stimulating other sectors like health, education, agriculture, commerce, transportation and industries etc. It is important to note that electricity energy is vital for economic growth and quality of life not only because it enhances productivity of Labour, Capital and other factors of production. But, the fact that increased in energy consumption indicates the high social - economic status of the nation's concern (Adebola, 2011)

Policy stability: government should ensure policy stability and continuity. Since government work cannot finish, policies that emanate from government should also be a continuous process, policies that are obsolete can be reviewed and updated to meet up with the current challenges. The idea of somersaulting or abandoning policies by the government for political and selfish reasons must be frowned

at government policies must be predictable for investor so as to create enabling environment for business (Ogunro 2014).

Effective security in Nigeria: Security is very important to human existence, business activities cannot be carried out in an environment that is not secured. Government should assure the prospective investors of protection of lives and properties by putting adequate security in place. Fear of being attacked by unknown groups at any point in time must be erased from people's mind and psyche particularly, the potential investors. Peace is needed for investment.

Adequate infrastructure: The availability of infrastructure influences the marginal productivity of private capital with investment of public capital in infrastructure in a particular location often attracting additional flow of resources (Akinyosoye, 2010; ADB, 2012). Infrastructure services such as transportation, electricity, and water are also intermediate inputs to production. Public capital invested in infrastructure therefore complements private capital and serves to enhance economic development (ADB, 2012; World Bank, 2010). Services thereby generated as a result of sufficiency of infrastructure translate into increased aggregate output. At the microeconomic level, the effect of infrastructure is specifically seen through the reduction in the cost of production derived from its impact on profitability, output levels, employment and incomes (Myers, 2007). This is particularly the case for small and medium scale enterprises. Extensive and efficient infrastructure is critical in ensuring effective functioning of the economy and is an important factor in the determination of the location of economic activity and the kind of sectors and/or economic activities that can develop in a particular economy (Patunola-Ajayi, 2013).

Eliminate multiple taxations of SMEs:

SMEs are instruments of economic growth and development regardless of whether the economy is developing and developed. The future of Nigeria economy depends on the strength of vibrant SMEs because a lot of large businesses start out as SMEs. Multiple taxation has really affected SMEs a lot, the truth still remains that this issue of multiple taxation has been left unresolved until date. To this end SMEs now view relevant tax authorizes as threat of their business and by so doing they find various ways to avoid these tax authorizes. It is pertinent to understand that apart from the effort of government to educate people on the importance of paying tax, there is also need for government to make necessary effort towards ensuring that to a large extent that multiple taxation is reduced to its minimum, this will encourage SMEs to view tax in a MORE POSITIVE WAY

Eliminate corruption and block leakages:

In order to prevent corruption from happening at all, Nigerian should emphasis transparency, integrity, and accountability in all their private and public transaction. Nigeria has come to appreciate the effects of corruption and has made efforts to eradicate but to no avail. Corruption is an evil that the society must fight against in all ramifications. This is because fighting corruption has positive implications for the economy. Among these are, that it: has a strategic significance in national development; provides a source of competitive advantage. Investors are happy doing business if there is an efficient, clean and transparent environment without being encumbered by bribery; is part and parcel of good governance for the common good of the citizens; and contributes to the meritocratic ideal, levelling the playing field because unchecked corruption has the following detrimental effects: The ways through which government can eradicate corruption is through **Social Transformation:** Transformation in education of the public is a necessary factor in social transformation. There is need for formation and reformation, orientation and re-orientation of the minds and heart of Nigerians, for them to see that corruption is the enemy of development.

Enforcement of Anti-Corruption Law. The law should be enforced to its fullest and without fear and favor.

Improvement of Sociopolitical and Economic Life. This is another weapon against corruption in Nigeria. The multiplying effects of this improvement will reduce the tendency of public servants to demand and take bribes and get involved in other corrupt practices.

2.1.5 Four strategies for better sustainability of the business

The ability of the company to gain sustainability successfully relies on its social and environmental sensitivity. The strategic sustainability represents a commitment demonstrated by top management that moves beyond compliance and efficiency to avoid risks and minimize costs (Raderbauer, 2011). Sustainability is to be perceived as a company-wide goal that incorporates every aspect of the business and its relationships. A genuine sustainability strategy of the company should be based on solid and sound principles or pillars as Townsend (2013) called them. First of all, the business sustainability strategy needs to mature and shift up a level from the narrow ego-centric pursuits of market domination; Second, management needs to be the adept of managing both short and long-term perspective concurrently. Third pillar consists in the genuine alignment with all activities of the company between the business activities and the changing environment. The four strategies for sustainability of the business according to Danciu (2013) includes

a) **Sustainability management:** it has a decisive role for the success of the company and it should include all departments and operations. Becoming a sustainable company needs leadership, commitment, stakeholders and employees engagement and disciplined mechanisms for execution with

business management supervising and coordinating all. The risk management is needed for evaluate and fight against the sustainability risks that may occur. The sustainability risks include existing and emerging environmental, social and governance risks. These risks may arise when the corporate behavior or the actions of others in a company operating environment such as suppliers, media, government create vulnerabilities that may result in financial, operational and reputation losses in value (Sustainability Through Risk Management, Asherleaf Consulting, May 2011). The environmental risks include carbon emissions due to climate change, drought and flood, constrained resources and their diversity or biodiversity and pollution. As a result of the diversity and the displacement of the population, the lack to access to people healthy safety and cultural changes, lack of availability of resources or lack of access to them cold occur the social risks. The governance risks could have as sources the corporate policy if not comply, compensation and bribery, multiple tax system lack of compliance to regulations and so on. The risk management has a very difficult task but if it works successfully the benefits are multiple and significant. It also could enhance the decision-making capacity, agility and adaptability of the company, supply a wealth of insight, knowledge and intelligence on emerging and current issues and opportunities, manage the stakeholders' expectations with greater certainty, and provide a framework and principles for innovation (Sustainability through Risk Management, Asherleaf Consulting, May 2011).

b) Sustainable innovation: The sustainable development and the creation of value ask the company for innovating not only in technical area but also in environmental, social and organizational fields. The sustainable innovations are critically dependent of qualified workforce, management systems results and stakeholders oriented, dialog between stakeholders along the value chain, interactions between the actors of economy, state and civil society, changes in business development and jobs creation (Lemken, Helfert, Kuhndt, Lange, Merten, 2010). The sustainable innovation has three component parts which are the targets, the mechanisms and the impacts. The targets refer to the main areas which are environment, products, marketing methods, organizations, businesses included, and institutions. The environment, the products and the processes is about technologic advance, while marketing, organizations and institutions sustainable innovation belongs to non-technologic changes. The targets refer to the main areas which are environment, products, marketing methods, organizations, businesses included, and institutions. The environment, the products and the processes is about technologic advance, while marketing, organizations and institutions sustainable innovation belongs to non-technologic changes. The mechanisms of sustainable innovations are about the way of operating the changes in the target-fields. These ways can lead to modify the existing

practices, redesign them, replace them by others or create new ones (Danciu 2013). These impacts show the effects of sustainable innovation on environment, market and society. The improvements of the sustainability depend also on the ethic of the company. It should pull the demand of ethically made products.

c) Eco-efficiency. The World Business Council on Sustainability Development (WBCSD) defines the eco-efficiency as “being achieved by the delivery of competitively produced goods and services that satisfy human needs and bring quality of life while progressively reducing the ecological impact and resource intensity throughout the life cycle, to a level at least in line with the Earth’s estimated carrying capacity” Each company which tries to gain the sustainability should design and use sustainable business practices based on a new way of thinking about meeting the customer needs. One major technique for eco-efficiency is increasing the resource productivity. This issue came forward as the extension of the producer’s responsibility beyond the sale of the product had profound changes on how the companies provide goods and services (Danciu 2013). They became much more interested in the design of their products, because once the useful life of the goods is over these goods come back the producer. This encourages designs that are more durable, allowing the products to be easily dissembled and, once dissembled, to be reused or composted.

d) Sustainable competitive advantage. A sustainable competitive advantage is that competitive advantage which could be maintained on a long-term period, in opposition with one competitive advantage which results from short-term strategies and operations. The sustainable competitive advantage can leverage the sustainability to increase all business value if it becomes an integrated part of the global sustainable strategy of the business (Danciu 2013). A study performed by Deloitte (2010) suggests improvements in four areas for increasing the ability of the company to achieve the competitive advantage through sustainability. The first area is putting in line the sustainability strategy with the strategy of the company. Setting specific goals with set timelines, associated metrics and leadership accountability is an effective way of driving the alignment between sustainability and company strategy. Once set, these goals may be pursued by allocating economic resources, hiring key skill sets, creating new collaborations, and helping the sustainability teams navigate internal organizational boundaries. Integrating the sustainability into operations and processes across the value chain is another source of sustainable competitive advantage. The company could build an operational model that takes into account the potential costs and benefits associated to sustainability in four areas: supply chain, demand chain, emerging technology and new regulatory requirements. Finally, setting up a governance structure that is supported by the right infrastructure can

enhance the value of the company and derive sustainable competitive advantage. As the company progress to higher level of maturity in its approach on sustainability and creates substantial competitive advantages, its favorable impact becomes more marked compared to its rivals (Kern, 2011).

3. CONCLUSION

The business environment is considered as being central to economic activities and growth worldwide. The business environment is very crucial to the success or failure of business. Business does not operate in isolation but within a given environment which might shape their performance, survival and profitability. In order for business to grow, there is a need for them to be able to adapt as external challenges arises. For a business to realize its objective, it depends greatly on the ability of the enterprise to accomplish its key performance indicator in a sustainable manner. The business environment, therefore, is the basis of formulating company objectives, mission statement, policies, strategies, and tactics

4. RECOMMENDATIONS

- Government must provide confidence building strategy and reorient all security apparatus and take positive steps to reposition businesses in Nigeria if her dream of becoming one of the twenty industrialized countries by 2020 as actions should speaks louder than words.
- Government should create friendly and enabling environment that would be conducive for both business organizations and investors to thrive in order to ensure sustainability and growth of the economy.
- That provision and maintenance of all infrastructural facilities should be of paramount importance in order to avoid complete decadence.

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