

Impact of Environmental Factors on the Performance of Small Scales Businesses in Delta State, Nigeria

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Abstract: This study explored the impact of environmental factors on the performance of small scales businesses (SSB's) in Delta State, Nigeria. The study employed descriptive survey research design. The population total population of 1000 SME'S, a sample size for this study is 100 SME'S were selected for the study. The sample size of 100 SME's was selected using random sample elements technique. The sampling object used for this work owners of small scale businesses in Asaba, Delta State, Nigeria; a total of one hundred (100) questionnaires were administered to the owners of small and medium scale enterprises located in Asaba metropolis. Out of the one hundred (100) questionnaires administered, ninety-eight (98) 98% were retrieved and properly filled while two (2) 2% were not properly fill and returned. Thus, the sample to be used for the study will be the total of one hundred (100) respondents which represent 98% of the sample size of 100. The questionnaire was coded followed by descriptive statistics and correlation matrix. The hypotheses of the study were tested using the Pearson correlation with the aid of SPSS version 23. The findings revealed that there is significant positive relationship between Access to External Financing and Performance of SSB's ($0.001 < 0.05$); there is a significant positive relationship between Basic Infrastructure and Performance of SSB's ($0.002 < 0.05$); there is a significant positive relationship between Legal & Regulatory Framework and Performance of SSB's ($0.001 < 0.05$) and Technological Capacities has a positive significant relationship with Performance of SSB's which is evident with the p-value ($0.003 < 0.05$) thus the null hypothesis is rejected and the alternate hypothesis is accepted. Based on the findings it was concluded that environmental factors had a significant effect on the performance of small scales businesses in Delta State, Nigeria. The study recommended that government should do more by making small and medium scales friendly policies in terms of loan access and zero interest rate.

Keywords: Environmental Factors, Performance, Small Scales Businesses, Technological Capacities and External Financing.

1.1 Introduction

Business organisations exist and operate in an environment where there is complex interplay in terms of activities as well as networks of relationships between and among human resources, material resources, and other systems. Business organisations cannot operate successfully in isolation without dependence on supportive institutions, variables, and factors (Muogbo and Enemuo-Uzoezie, 2019). According to Aborade (2015), all business decisions must be based on an accurate understanding of the environment, which is frequently the source of all problems because it presents possibilities, risks, and issues for the company organisation. This leads to the idea that business organisations and their environments are interdependent and mutually exclusive, with the environment playing a role in providing resources and opportunities for the organization's existence and the business organisation, in turn, providing its goods and services to the people living in the environment for survival and enlightenment (Ajala 2015).

This concurs with Adi's (2016) assertion that the environment, both inside and outside the organisation, is the most significant single effect on organisational policy and strategy at any stage of its evolution. According to Akanji (2013), all organisations need to consider the environment when forming their strategic management policies in order to support their survival, growth, and profit motives because the more complex, turbulent, and dynamic an environment becomes, the greater the impact it has on human attitudes, business, organisational structure, market, and processes, as well as facilities.

Environmental factors have varied dynamic elements, such as global competitiveness, information technology, the revolution in quality service, and corporate social responsibility, which are driving managers to rethink and reconfigure their approach to their many operational tasks. Due to this paradigm shift, new businesses are developing that are more sensitive to both their internal and external contexts (Luthans, 2017). Organizational structure, culture, policies, employee records, firm mission, lapses in internal control, poor resource/financial management, operational weaknesses, high staff turnover, and over-leveraging are just a few of the internal factors that can have a direct impact on various business aspects. Government regulation, market conditions, weather, cultural norms, political unrest, low-cost competitors, changes in consumer behaviour, environmental and health concerns, technological advancements, natural disasters, changes in input supply, macroeconomic variable changes, and terrorist attacks are examples of external factors. Therefore, in order to survive over the long term, all firms need be aware of the numerous environmental changes (Muogbo and Enemuo-Uzoezie, 2019).

Similar to this, every company environment frequently introduces new methods of functioning and thinking about external aspects (Belohlav, 2012). Fundamentally, overcoming this wide range of obstacles calls for a company that is flexible. Due to their capacity to test new ideas at low cost and produce standardised goods and services that may satisfy the demands of a sizable target market, small and medium-sized businesses (SMEs) are the main contributors to economic growth and job creation in both developed and developing countries (Sunter, 2013). Therefore, it's important to pinpoint the variables that influence entrepreneurial success or failure. Additionally, it's important to help small business owners acquire the managerial skills they need to thrive in today's cutthroat marketplace and utilise a variety of operational efficiency-boosting tactics.

According to Kokemuller (2015), environmental factors are external impacts on a firm that it has little control over but that it must take into account as part of its strategic planning. These environmental concerns that businesses face are divided into four categories: social, legal, political, and economic. Social movements, shifts in popular opinion, and consumer attitudes toward working for a company are all examples of social environmental influences. If you run a small restaurant, you must be aware of societal trends toward clean eating and healthy lives. By doing this, you may either promote alternate ideals to fit your existing offering or change how you do business to account for the trend. The relationship between SMEs and local governments and agencies is influenced by political issues. The Chairman and council members of the city or municipality where you operate should remain friendly with you. This improves your capacity to affect the rules and regulations that have an impact on your company. Political issues also surround the availability of regional financing and tax breaks. Because alterations to the legislation or local ordinances may have a direct impact on your firm, the legal environment is comparable to the political landscape. A new curfew that mandates anyone under the age of 18 to be in bed by 11 p.m. may have an impact on your business hours if minors are your target market. Changes in the local economy can generally benefit or hurt a firm. When the economy is struggling and unemployment is high, buying activity might increase if you sell lower-priced goods. Contrarily, when the economy is strong and people have secure jobs, firms that provide luxury products and services grow more rapidly. Other economic factors that have an impact on small enterprises include changes in loan interest rates and banking laws (Kokemuller, 2015).

This study explores if a number of interconnected issues are impeding small business performance in Nigeria. These elements have to do with internal elements of the SMEs as well as external elements of the business environment that the SMEs cannot control. The legal and regulatory environment, accessibility to outside financing, infrastructure, particularly in terms of power, and human resource capacities are some examples of external variables. Entrepreneurial traits, management skills, marketing expertise, and technology capabilities are some of the internal factors.

Small and medium-sized businesses (SMBs) in particular operate in Nigeria today under a variety of challenges and restrictions related to their internal and external surroundings that work against their organisational goals. These include excessive prices and a lack of raw materials, a lack of funding, outdated technology, a lack of marketing expertise, and a lack of administrative capability. Other factors include the business's size, location, rate of expansion, and unreliable power supply. Additionally, a portion of the organised private sector claims that the policies, incentives, and tactics used up to now are insufficient to solve the issues facing the SMBs sub-sector or to promote growth and improve performance of the SMBs.

In the past ten years, the business environment in Nigeria has made inadequate development, which has resulted in sluggish growth, a high unemployment rate, low industrial output, and weak demand for services and tangible goods. The energy crisis persisted unabatedly, forcing the majority of organisations to rely solely on generators as a constant source of generating electricity; the supply of petroleum products is epileptic in addition to frequent changes in pump prices, increasing the general price level of all products without any exception due to cobweb effect; and the majority of small-scale businesses are occasionally devastated by strikes. The relationship between business representatives and government institutions and representatives continues to deteriorate almost in all areas, with criminal activity rising at an alarming and unstoppable rate, government exercising excessive control through a plethora of rules and regulations with strict conditions, and tax policies lacking adequate infrastructure to improve business operations. The need to examine environmental factors in SMBs environment with implications on the survival and performance of SMBs in the Delta metropolitan area of Nigeria arises from the question of how effectively a SMBs can respond to its fundamental operational functions of survival, growth, and profit maximisation in the face of all these challenges.

The competing strategic and environmental aspects above imply that some concerns that are crucial to the growth and performance of the SMBs have not been taken into account in the various strategies and management of the SMBs. Therefore, it is necessary to revisit and analyse the numerous problems and reasons that have contributed to the relatively poor performance of the SMBs subsector in Nigeria. In doing so, this study draws attention to four crucial issues that, if effectively handled, would boost the performance of SMBs in Nigeria: access to external financing, basic infrastructure, the legal & regulatory framework, and technological capacity. Therefore, the purpose of this study was to investigate how environmental factors affected the performance of SMBs in Delta State, Nigeria.

2.0 Review of Related Literature

2.1 Introduction

This section covered the main body of the literature and as such, efforts were made to review the opinion of other scholars on the subject matter of the study. The review followed three sub-headings, namely; conceptual, theoretical and empirical review for easy comprehension of scholars' contribution to the literature.

2.2 Conceptual Review

2.2.1 Concept of Business Environment

Environment, according to UBC Net Tutor Commerce (2008), is the sum total of the circumstances in which we find ourselves at a certain moment in time and location. It is made up of interconnected physical, biological, and cultural factors that interact and are related both individually and collectively. The environment is defined as the entire set of circumstances that an organism must endure in order to survive or maintain its life process, the article continues. It has an impact on how living things grow and evolve. An object's immediate surroundings and anything directly influencing them are referred to as its environment. It is made up of interconnected systems of business-related physical and cultural components.

According to Blurtit (2013), the business environment refers to the circumstances and forces that affect the company as a whole and that transcend the boundaries of any particular business unit. According to Fernando (2011), a commercial enterprise's environment consists of institutions, institutions, and forces from outside the company that have an impact on how the business operates. These include the government, the social, political, legal, and technological aspects, as well as clients, rivals, and suppliers. Business environment, according to Oyebanji (1994), is comprised of elements that can affect a person's choice of organisational structure for their business. He emphasised further by stating that despite their differences in status, every organisation must take into account the environmental restrictions, material resources, and human resources in their respective businesses because the effects of the environment can be transferred from one circumstance to another. The characteristics of a business environment include: (A) The term "business environment" refers to the whole of all elements that are external to a company but have a significant impact on how well it operates. (a) It includes elements and forces like consumers, rival businesses, suppliers, the government, and social, cultural, political, technological, and legal contexts. (c) The nature of the corporate environment is dynamic, which implies that it is constantly changing. (d) Unpredictability characterises the changes in the business environment. Predicting the precise nature of future events and the evolution of the economic and social environment is very challenging. (e) Different places, regions, and nations have different business environments (Ogunde, 2012)

Business environments, according to Adebayo et al. (2005), can be broadly divided into internal and external environments, with the former including variables or factors under the control and manipulation of the firm to achieve specific objectives, while the latter includes factors that are outside the control and manipulation of the firm. Therefore, the company needs to create a plan that will enable it to handle the various environmental forces (Oluremi and Gbenga, 2011). Similarly, the nature of the business environment is said to be classified as dynamic, stable, and unstable, which frequently aids a firm in the selection of appropriate strategies (Ibidun and Ogunde, 2013). According to Adeoye (2012), in order for businesses to adapt to the dynamic and quickly changing business environment, they must develop and put into practise appropriate strategies that would protect their operations and produce the desired results. Ogunde (2005) also noted that a company's perception of the nature of the business environment depends on its size and sector.

Environmental considerations Kokemuller (2015) defines environmental factors as influences on a business from the outside and inside that it has little control over but that it must take into account during the strategic planning process. It is possible for internal or external factors to influence how well SMEs perform in the environment.

Environment-related factors from without: The factors relating to the external environment are those which businesses are unable to control. The following is a summary of the outside factors influencing SMEs' growth: A legal and regulatory environment, basic infrastructure, and access to outside funding are a few examples.

Internal environmental factors: These are aspects of a firm's internal environment that have an impact on its performance; examples include technological capabilities, entrepreneurial traits, and management capabilities, among others. In many fields, the idea of "firm performance" is widely applied. A mechanism's or a process' performance is characterised as a gauge of how well it achieves its goal.

Smaller Business: A small-scale enterprise, also known as a small business or a microbusiness, is an organisation that employs a small staff and generates modest amounts of revenue. Usually sole proprietorships, corporations, or partnerships, these businesses are privately owned and run. Depending on the sector and nation, small businesses are defined differently by law.

2.3 Theoretical Review

2.3.1 Network Approach Model

One theory of SMEs, the network approach model, served as the foundation for this study. The "The Network model" was first presented by Johansson & Mattson in 1988 and emphasises the significance of relationships with suppliers, customers, and the

market that can improve or drive SMEs' performance. Networking is viewed as a source of market information and knowledge that will close the gap between the relevant parties, including customers, suppliers, the industry, distributors, regulatory and public authorities, as well as other market participants. The experience and resources of network partners will help SMEs perform more quickly thanks to technological advancements, particularly in the information and communication sector (Mitgwe, 2006).

The companies can expand their links and gradually broaden their activity outside of their own jurisdiction by establishing financial, technological, and commercial linkages with the other actors in the network. These relationships entail the company participating in deliberate but unplanned international contacts. Johansson & Matthew (1988). The network strategy is considered to be a workable path to effective performance for small and medium-sized businesses because their network membership will assist them establish themselves abroad.

2.3.2 Pestle Model

To understand the concept of “the far environment” as stated here, we examined the concept by using an analysis model called “PESTLE MODEL”. The PESTLE Model is presented below:

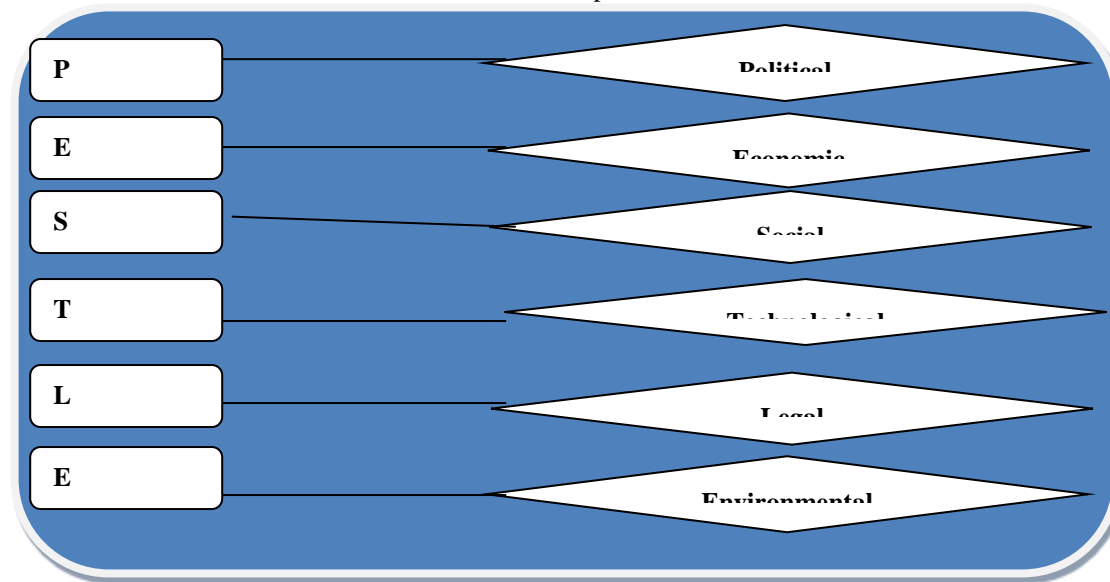


Figure 1: PESTLE MODEL

Source: Jim Killeen (2012). *Understanding Your Operating Environment - Far External Environment*.

From the PESTLE Model, six major variables were examined as constituent of organizational environment. These variables are classified as the “far environment” of business. They include:

- Political
- Economic
- Social
- Technological
- Legal and
- Environmental

Political: In every democratic setting, it is the emergence of Political Parties coming into power – that gives rise to changes in Government that occasioned for changes in policy thrust. Even when changes to Political Parties reflect changes that will give rise to only one party system of government, generally, this does not mean that the system of governance will remain static in terms of policy and decisions in governance. For instance, one may reflect on or consider what transpired during the 2015 general election in Nigeria and wish to understand clearly how, when the then-ruling party lost control of the government, corporate organisations and businesses that relied heavily on government-funded contracts were literally fearful of the waves of political or electoral manoeuvring as the ruling party that contracted them failed to win the election, what would happen to their business? Even if the incumbent loses to a new promising candidate who emerges from within the same party, there is a greater chance that the new leader will develop new ideologies that could result in the formulation of new policies that could change a variety of aspects of institutions in both the public and private sectors. Organizations will begin to consider what will be done to maintain operations when this occurs.

Economic: The primary implication of this second PESTLE Model variable is that the rate of economic growth will have a direct bearing on the rate of growth or growth potentials of organisations. Additionally, their ability to survive is related to the overall

health of the economy. For instance, the Nigerian economy isn't doing that well right now. The rate of growth has been extremely slow, and inflation has been high. The majority of observers think that before the economy improves, this scenario may last for months or even years. As a result, firms would engage in critical environmental scanning by taking economic indicators into account as important components of the major determinants of achieving effective performance. This suggests that the status of the national economy controls the tunes of corporate activity.

Social: This deals with societal trends of many different kinds, according to Jim (2012). The social climate of enterprises varies depending on the industry. For instance, a publicly owned organisation in Nigeria may elect to take part in sporting events, such as supporting a football team or secondary schools' interhouse competitions. Sometimes, other businesses choose to construct recreation centres for social gatherings and may later use those facilities to market their own goods. These social interactions between organisations in their sociological setting offer a way for the organisation to maximise growth potential and expand into new markets.

Technological: Technology arises to mandate new frontiers for company operations and how they might be employed to aid your firm. This is because it is anticipated that the advent of any new technologies will fundamentally change the way that business is done. Or it could be realising the risks to your company. According to Jim (2012), it is obvious from the aforementioned that organisations that fail to take use of the benefits of pushing businesses digitally may very soon be out of the running in their primary field of endeavour.

Legal: According to the PESTLE Model, changes in the laws and rules that govern a particular industry can have an impact on an organisation or business concern. These changes are typically in the 'Legal' environment, which is an outgrowth of the political environment. Because laws are made by parliament, there are occasions when we may know specifics about changes in law that are expected to occur and will take effect before they actually do. Because of this, we can be ready for anything.

Environmental: According to the PESTLE Model, "environmental" in this context refers to unanticipated, spontaneously occurring changes that take place as nature permits them and are not being thought about by anyone. These are the things that have a connection to what most people consider to be nature. As a result, the corporation never prepares for environmental (or natural) changes and the consequences that result from those changes. It is crucial that the organisation is generally aware of these developments, how they may effect its business operations, and how it has prepared to deal with them. Using the PESTLE Model analysis discussed above, the study aims to provide conceptual clarifications for these important environmental variables in order to gain a thorough understanding of the literature on the general debates surrounding external environmental variables of organisations and their effects on the performances of businesses. In addition to the PESTLE analysis, management scholars and practitioners have approached the problem of the external organisational environment from a variety of angles. This study has studied these approaches in great detail in the parts that follow. The elements basically existing outside the organization's boundaries that have the ability and the intrigues to influence the operational performance of the organisation are included in the external organisational environment. The organization's environment comprises competitors, technology, culture, legal issues, and economic situations. Events that are too far distant from the organisation for anyone to notice them are not included; (Daft, 2000). Daft added that the external environment is divided into two layers: the general environment and the job environment. He views the general environment as the topmost layer that has a broad reach and indirectly influences organisations. It consists of social, demographic, and economic elements that have an equivocal impact on all organisations. The general environment of the business includes changes in the rate of inflation or the proportion of couples with two careers in the workforce. Despite not having a direct impact on daily operations, these events eventually have an impact on all companies; (Daft, 2000). The task environment, on the other hand, is closer to the organisation, and it contains the sectors that interact with it on a daily basis and have a direct impact on its performance and core functions, according to Daft. Customers, rivals, suppliers, and the labour market are the components of the task environment, according to Daft (2000). These factors are so near the organisation that their effects are constantly noticed on a daily basis.

According to Obiwuru, Oluwalaye, and Okwu (2011), just a few studies have attempted to analyse or assess how environmental factors affect various parts of enterprises or organisations around the world. These are Nwokah, Jaworski, and Kohli (1993); Narver and Slater, 1990; (2008). They found that market technology turbulence and competitive intensity did not moderate the relationship between market orientation and business performance. Norzalita and Norjaya (2010); cited in Obiwuru, Oluwalaye and Okwu (2011), looked at the role of the external environment in the market orientation-performance linkage among SMEs in the agro-food sector in Malaysia.

The general environment of an organisation is categorised into five fundamental dimensions in accordance with Daft's (2000) categorization. As follows:

- The International dimension
- The technological dimension
- Socio-cultural dimension

- Economic dimension
- The legal-political dimension

These environmental dimensions can be discussed as follow:

The International Dimension: The international dimension of the business external environment comprise of issues that reflect majorly foreign interests that would equally influence the local business situation. According to Daft (2000), these are activities that are associated with or originate from foreign nations and also serve as business opportunities for such nations. Every business nowadays needs to consider global markets. In the current global epoch, there are a number of new techniques for manufacturing goods and providing services, as well as even better guidelines for distribution and consumer satisfaction, so managers must adapt to these new competitive systems in a more liberal manner rather than thinking conservatively. Managers must think about the global frontier more logically than they do their domestic company procedures. For instance, Pulendran, Speed, and Widing (2000) asserted that "competition" is one of the most significant aspects of an organization's external environment. The fact that businesses operate in a dynamic, competitive, and complicated environment means that they must sift through the deluge of available data to find the critical information about client preferences and wants that will give them a competitive edge (Slater and Narver, 1994).

In comparison to the home environment, the global environment thus constitutes a dynamic and unlevel playing field. International shifts have the potential to completely upend domestic conditions (Daft, 2000).

The technological dimension: technological achievements in a particular industry as well as in society at large are included in this category of "technological dimension"; (Daft 2000). Organizations need to keep up with the most cutting-edge technologies being used in business today if they want to maintain their hold on the market and the loyalty of their clients. Customers clearly want to know who can provide them with exceptional service delivery that can fully satisfy their objectives while moving quickly and precisely, thus this is the obvious explanation for this.

2.4 Empirical Review

In Anambra State, SMBs organizational effectiveness was investigated by Ozoh, Okeke, and Jacobs in 2020. The unstable business environment in Anambra State, Nigeria, was the main issue with this study. Examining how the environment affects organisational performance in SMBs was one of the study's main goals. The research used a survey approach. The chosen SMBs in the state of Anambra served as the study's focus. Data from manager-owners and other senior officers in the chosen SMEs were gathered using a questionnaire and a semi-structured interview. 1393 SMEs made up the study's population, and Borg & Gall was used to establish the sample size, which came out to 304. (1973). Both stratified sampling and purposeful sampling were used in the investigation. Regression analysis using the Ordinary Least Squares method was used. According to the results of the analyses performed, the economic environment has a significant impact on the profitability of SMBs, as well as the technological, financial, and political environments. The economic environment also has a significant impact on the performance of SMBs. The report made the recommendation that the current administration work to foster an environment that would be truly favourable for commercial groups to prosper without indulging in any fraudulent tactics.

Muogbo and Enemu-Uzoezie (2019) looked at the effects of environmental factors on the performance of SMEs in Nigeria with a focus on three specific construction companies (PaChuks, Setraco, and Triple C Manufacturing Company), all of which are located in the Anambra State capital city of Awka. The study sought to determine the degree to which environmental factors have an impact on organisational growth, the relationship between major macroeconomic policy variables of the Federal Government and the performance of SMEs, and how these entities might be effectively managed. The Network Approach model serves as the study's underpinning SME theory. One hundred participants, randomly chosen from the three SMEs, participated in the study using a descriptive survey research approach. However, based on the results of the Taro Yamane formula, a sample size of 80 respondents was chosen. The primary source of data for this study work was a questionnaire. According to the study's findings, SMEs encounter a number of difficulties, including trouble acquiring finance, a lack of qualified staff, a paucity of raw materials, etc. The researcher suggests that the government improve sources of finance for the industries by strengthening SMIEIS, BOI, and other financing windows, lowering interest rates and other costs of funds, expanding Industrial Development Centers, and increasing sources of funding available to the industries.

The relationship between environmental conditions and the performance of MSEs was examined by Olakunle, Ihinmoyan, and Yusau (2018) with a focus on two commercial towns (Ikare and Ugbe Akoko) in the Akoko North East local government of Ondo State, Nigeria. A systematic questionnaire was used to collect the data, which was then analysed using descriptive statistics and Spearman Product-Moment Correlations. A sample of 204 MSE owners and managers were polled using a purposive sampling technique. The results showed a substantial ($p=.05$) and adverse association between environmental conditions and the performance of MSEs, including inadequate money, inadequate infrastructure, and low managerial abilities (profit, revenue and employees). The results

suggest that the majority of MSEs suffer from chronic underfunding as a result of funding inaccessibility. Because they are unaware of the advantages of training, MSE owners and managers lack the necessary managerial abilities.

The performance of SMEs in the Abuja city was evaluated by Dangana, Isyaka, Ayuba, Muhammad, and Dangana (2017). Twenty-six hundred and ninety (2690) registered SMEs that are active in the Abuja metropolis make up the paper's target audience. Using the Yamane formula with a 10% precision level, a sample size of 97 responders was calculated. The sample size for the study was chosen using both a random sampling technique and stratified sampling. To evaluate the collected data, both descriptive and inferential statistics were used. The results showed that investing in marketing and other promotional activities, using technology, and the degree of education of SMEs' owners and management all had a beneficial impact on their performance. The current tax structure, operationalization, and inflation have a favourable impact on the performance of SMEs. The functioning of SMEs in the Abuja metropolis is severely hampered by insufficient power supply. The study suggests that in order to successfully run and manage their firms, owners and/or managers of SMEs should make an effort to gain the essential and good grasp of the business environment.

The expansion of women-owned Micro and Small Enterprises in Trans Nzoia County, Kenya, is examined by Simiyu, Namusonge, and Sakwa (2016) in relation to government policy and legislation. According to the study's findings, there was no statistically significant correlation between the growth of women MSEs and government policies and regulations at the 0.05 level of significance. In Mubi North's local government area, Jibrilla (2013) investigated how government initiatives affected small businesses. As a result, the operators of SSEs do not consider these actions to be relevant.

The performance of SMEs in Nigeria was studied by Mohammed, Ghazali, Awang, Tahir, and Azman in 2015. They looked at how finances, infrastructure, and training affected this performance. The results show that training, infrastructure, and funding all significantly and favourably affect how well SMEs succeed in Nigeria. This shows that adequate focus on finance, infrastructure, and training is urgently needed because these three areas are the main drivers of improving the performance of SMEs in Nigeria.

The performance of manufacturing SMBs in Nigeria is examined by Obokoh and Goldman (2016) in relation to the impact of infrastructure deficiencies. Additionally, in 2007 and 2011, semi-structured interviews were done. Due to the significant costs associated with SMEs providing their own infrastructure and distributing finished goods, a lack of infrastructure has a detrimental influence on their profitability and performance. In addition, despite the successful privatisation of energy production in November 2013, the Nigerian power supply has not significantly improved.

In their study, Bouazzai, Ardjouman, and Abada (2015) aimed to identify the variables influencing the performance of SMEs traders at Limuru Town Market in Kiambu County, Kenya. To accomplish the goals, a descriptive research approach was used in the study. The 965 SMEs that Limuru Sub-County licenced to operate in Limuru Market in 2014 were the intended study population. A sample of 274 SMEs were employed in the study, and a questionnaire was used to gather the necessary data. Data was collected, coded, quantified, and both quantitative and qualitative analysis was performed on it. The SPSS was used to analyse quantitative data. According to the study's findings, the main socioeconomic factors influencing the performance of enterprises in Limuru Town Market are access to financing and the availability of management expertise. Access to infrastructure, business information, and government policies and regulations are the other main characteristics that were discovered to positively impact enterprises in Limuru Town Market.

Abubakar (2015) investigated how the environment affected the performance of SSBs in the states of Kano and Sokoto. Data from the sampled SSBs was primarily gathered via questionnaire techniques. In order to evaluate the degree of performance and determine the relevance of the association, the data were examined using the multiple regression technique and multivariate discriminant analysis. The results of this study unequivocally demonstrate that SSBs perform poorly over the course of the study period and that environmental conditions in Kano and Sokoto states have a substantial impact on their performance. Through the provision of proper infrastructure, financial assistance, and the formulation of laws beneficial to SSBs, the report advises that government should foster an environment that is conducive to both current and potential investors in the industry.

2.5 Literature Gaps: A number of research have clearly been done on the topic, according to the examination of related literature on the effect of environmental factors on the performance of SSBs. However, the results of different authors who examine the impact of environmental factors on the performance of SSBs are inconsistent and inclusive; some are establishing a positive significant effect while others established a negative insignificant impact between environmental factors and the performance of SSBs. As a result, there is a gap in the literature that this study aims to fill by examining the impact of environmental factors on the performance of SSBs.

3.0 Research Methodology

A descriptive survey research design was used in the study. This was acceptable for the study since it permits the processing of the gathered data using descriptive and inferential statistics in order to respond to the research questions. Utilizing a descriptive survey

research design, this study examines the phenomenon of how environmental influences affect the performance of SSBs in a population-based sample. This research work takes the form of a field survey as established earlier, and it is expedient to maintain that the population of this study is limited to SME'S, specifically the SME'S in Asaba, Delta State. It was conducted in Asaba Metropolis in Oshimili South Local Government Area in Asaba, Delta State, Nigeria. A sample frame with accessible population of 1,000 small business entrepreneurs was obtained from the revenue department of the local government council and stratified which now serve as the population of the study. The sample size is 100 SME'S. owners as respondents, this was determine using the random sampling technique, random sampling method was employed because it will ensure adequate or proportional representation of the different small business entrepreneurs in the local government that make up the population in the selected sample, as this will ensure the livelihood of good representation. Data was collected using a structured questionnaire. Section A of the questionnaire covers the letter of introduction of the study objective to the respondents, and the section B contains the substantive issues of the study, which revolved round the study objectives. The questions were mainly open-ended with a 5-point Likert scale of Strongly Agree (SA-5); Agree (A-4); Undecided (U-3); Disagree (D-2); Strongly Disagree (SD-1). Quantitative data collected were analyzed, presented and interpreted using descriptive statistics. Statistical Package for Social Sciences (SPSS) version 23 were use to analyze quantitative data into descriptive statistics such as means, standard deviation, frequencies and percentages. The study again preferred utilization of Pearson correlation because it had a lot of algebraic properties for which the calculation of co-efficient of correlation, and a host of other related factors such as co-efficient of determination was made easy.

4.0 Result and Discussions

A total of one hundred (100) questionnaires were administered to the owners of SMEs located in Asaba metropolis. Out of the one hundred (100) questionnaires administered, ninety-eight (98) 98% where retrieved and properly filled while two (2) 2% were not properly fill and returned. This response was excellent and representative of the population and conforms to Cooper & Schindler (2014) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent. Thus, the sample to be used for the study will be the total of one hundred (100) respondents which represent 98% of the sample size of 100.

4.1 Analysis of Data According to Research Questions

This section seeks to analyze the research question one by one and analyze the responses of the respondents and bring out the effect of the study for proper analysis. These were done with the aid of descriptive statistics. The descriptive statistics which comprises of the minimum, maximum, mean and standard deviation was employed proper and thorough description of the independent (environmental factors; Access to External Financing, Basic Infrastructure, Legal & Regulatory Framework and Technological Capacities) and dependent (performance of SSBs) variables for this study, presented below;

Table 4.2.1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ExternalFinancing	98	8	20	16.55	2.492
BasicInfrastructure	98	4	20	16.06	2.739
LegalRegulatoryFramew ork	98	10	20	17.08	2.204
TechnologicalCapacities	98	10	20	16.18	2.391
PerformanceSmallScaleB usiness	98	8	20	15.80	2.766
Valid N (listwise)	98				

Source: SPSS Version 23 Output, 2022.

The descriptive statistics for Access to External Financing indicates a mean of 16.55, a standard deviation of 2.492 with the difference in the maximum and minimum values which stood at 14. Since the standard deviation is lesser than the mean, it implies that SSBs in Asaba, Delta State has accessed to various sources of financing for the period under review. Similarly, the descriptive statistics for Basic Infrastructure has minimum value of 4 and maximum value of 20 leading to the mean and standard deviation of 16.06 and 2.739 respectively. Since the standard deviation is lesser than the mean, it implies that SSBs in Asaba, Delta State are provided with basic amenities for the duration of the study.

Also, the descriptive statistics for Legal & Regulatory Framework has minimum value of 10 and maximum value of 20 leading to the mean and standard deviation of 17.08 and 2.204 respectively. Since the standard deviation is lesser than the mean, it implies that a SSBs in Asaba, Delta State, has entrepreneurial friendly government regulations for smooth operation of their business. More also, the descriptive statistics for Technological Capacities has minimum value of 10 and maximum value of 20 leading to the mean and standard deviation of 16.18 and 2.391 respectively. Since the standard deviation is lesser than the mean, it implies that SSBs in Asaba, Delta State, has produced various adopted affordable technologies to their businesses, especially the owners of saloon for the period under review. Performance of SSBs indicates a mean of 15.80, a standard deviation of 2.766, with the maximum and minimum

values of 20 and 14 respectively. The discrepancy between the maximum and minimum value shows that environmental factors measures has a significantly influence performance of SSBs in Asaba, Delta State, Nigeria.

4.2 Test of Hypotheses and Result Discussions

Decision Rule: The coefficient *r* is a measure of the linear relation between two variables, where $r = -1$ indicates a perfectly negative linear relation, $r = 1$ indicates a perfectly positive relation, and $r = 0$ indicates the absence of any linear relation. In this study, we focus on the two-sided hypothesis test for the Pearson correlation coefficient.

4.3.1 Test of Hypotheses H0₁-H0₄ for the Measures of Environmental Factors on Performance of Small Scales Businesses in Delta State, Nigeria.

Table 4.3.1: Correlations

		ExternalFinancing	BasicInfrastructure	LegalRegulatoryFramework	TechnologicalCapacities	PerformanceSmallScaleBusiness
ExternalFinancing	Pearson Correlation Sig. (2-tailed) N	1 98				
BasicInfrastructure	Pearson Correlation Sig. (2-tailed) N	.404** .000 98	1 98			
LegalRegulatoryFramework	Pearson Correlation Sig. (2-tailed) N	.345** .001 98	.327** .001 98	1 98		
TechnologicalCapacities	Pearson Correlation Sig. (2-tailed) N	.386** .000 98	.403** .000 98	.418** .000 98	1 98	
PerformanceSmallScaleBusiness	Pearson Correlation Sig. (2-tailed) N	.407** .001 98	.497** .002 98	.402** .001 98	.581** .003 98	1 98

Correlation is significant at the 0.01 level (2-tailed).

Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Version 23 Output, 2022.

4.4.1 Access to External Financing and the Performance of SSBs

From Table 4.3.1 above, the Pearson Correlation, reveals that there was a strong positive correlation with a coefficient (r) value 0.407 between Access to External Financing and the Performance of SSBs in Delta State. The P-value was $0.001 < 0.05$; implying that Access to External Financing is significant effects on Performance of SSBs in Delta State, Nigeria. Hence, the alternate hypothesis is accepted and the null hypothesis is rejected, which says that Access to External Financing does not have a significance influence on Performance of SSBs in Delta State. Findings of the study showed accessed to finance by the SSBs would results in improved Performance of SSBs in Delta State, Nigeria. This implies that 1% in External Financing will increase Performance of SSBs in Delta State by 40.7% (0.407). PESTLE Model supported this finding and is line with findings of Olakunle, Ihinmoyan and Yusau (2018) but contradicts the findings of Muogbo and Enemuo-Uzoezie (2019).

4.4.2 Basic Infrastructure and Performance of SSBs

Also, Table 4.3.1 above, the Pearson Correlation, reveals that there was a strong positive correlation with a coefficient (r) value 0.497 between Basic Infrastructure and the Performance of SSBs in Delta State. The P-value was $0.002 < 0.05$; implying that Basic Infrastructure is significant effects on Performance of SSBs in Delta State, Nigeria. Hence, the alternate hypothesis is accepted and the null hypothesis is rejected, which says that Basic Infrastructure does not have a significance influence on Performance of SSBs in Delta State. Findings of the study showed provision of basic infrastructure to small scale businesses by the government would results in improved Performance of SSBs in Delta State, Nigeria. This implies that 1% increase in provision of basic infrastructure will increase performance of SSBs in Delta State by 49.7% (0.497). PESTLE Model supported this finding and is line with findings of Dangana, Isyaka, Ayuba, Muhammad and Dangana (2017) but contradicts the findings of Olakunle, Ihinmoyan and Yusau (2018).

4.4.3 Legal & Regulatory Framework and Performance of Small Scales Businesses

More also, Table 4.3.1 above, the Pearson Correlation, reveals that there was a strong positive correlation with a coefficient (r) value 0.402 between Legal & Regulatory Framework and the Performance of SSBs in Delta State. The P-value was $0.001 < 0.05$; implying that Legal & Regulatory Framework is significant effects on Performance of SSBs in Delta State, Nigeria. Hence, the alternate hypothesis is accepted and the null hypothesis is rejected, which says that Legal & Regulatory Framework does not have a significance influence on Performance of SSBs in Delta State. Findings of the study showed that friendly operational policies by the government for SSBs would results in improved Performance of SSBs in Delta State, Nigeria. This implies that 1% increase in friendly legal & regulatory framework will increase performance of SSBs in Delta State by 40.2% (0.402). The finding is supported by the systems theory, which 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. This is line with the findings of Ozoh, Okeke and Jacobs (2020) but contradicts the findings of Dangana, Isyaka, Ayuba, Muhammad and Dangana (2017).

4.4.4 Technological Capacities and the Performance of SSBs

Finally, Table 4.3.1 above, the Pearson Correlation, reveals that there was a strong positive correlation with a coefficient (r) value 0.581 between Technological Capacities and the Performance of SSBs in Delta State. The P-value was $0.003 < 0.05$; implying that Technological Capacities is significant effects on Performance of SSBs in Delta State, Nigeria. Hence, the alternate hypothesis is accepted and the null hypothesis is rejected, which says that Technological Capacities does not have a significance influence on Performance of SSBs in Delta State. Findings of the study showed Technological Capacities of SSBs would results in improved Performance of SSBs in Delta State, Nigeria. This implies that 1% increase in Technological Capacities will increase performance of SSBs in Delta State by 58.1% (0.581). This finding is supported by the network approach model which posited that technological and commercial relations with the other actors of the network makes it possible for the firms to extend their connections and to gradually widen their activities apart from their own territory. This is in line with the findings Ozoh, Okeke and Jacobs (2020),

The study is focused on enhancing Performance of SSBs in Delta State through improved environmental factors. The results of the correlation analysis involving all the indicators of environmental factors reported positive correlation coefficient values among the measures. This indicated that they are appropriate dimensions of environmental factors.

5.0 Summary, Conclusion and Recommendations

5.1 Summary

This study examined the impact of environmental factors on the performance of SSBs in Delta State, Nigeria. The sampling object used for this work owners of SSBs in Asaba, Delta State, Nigeria; this is done in respect of measures of environmental factors {Access to External Financing, Basic Infrastructure, Legal & Regulatory Framework and Technological Capacities} (independent variables) on Performance of SSBs (dependent variable) in Delta State, Nigeria and responses from the respondents were collected with the aid of five (5) likert scale questionnaire. The study employed descriptive survey research design. This was appropriate to the study because it allows the use of descriptive and inferential statistics in processing the collected data in order to answer the research questions. The population total population of 1000 SME'S, a sample size for this study is 100 SME'S were selected for the study. These were selected randomly to ensure that all sample elements have equal chances of being selected in order to achieve a corresponding and reliable result. Thus, the probability of drawing each element is 10 SME'S for every 100 SME'S.

A total of one hundred (100) questionnaires were administered to the owners of SMEs located in Asaba metropolis. Out of the one hundred (100) questionnaires administered, ninety-eight (98) 98% were retrieved and properly filled while two (2) 2% were not properly fill and returned. This response was excellent and representative of the population and conforms to Cooper & Schindler (2014) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent. Thus, the sample to be used for the study will be the total of one hundred (100) respondents which represent 98% of the sample size of 100.

The questionnaire was code with the aid of excel spread sheet, the respondents profile was analyzed with manual simple percentage, the research questions was analyzed with the aid of descriptive statistics which comprises of the minimum, maximum, mean and standard deviation and correlation matrix. The hypotheses of the study were tested using the Pearson correlation statistical tools with the aid of SPSS version 23 as the basis of testing hypotheses. The findings revealed that there is significant positive relationship between Access to External Financing and Performance of SSBs ($0.001 < 0.05$), thus the null hypothesis (H_{01}) is rejected and the alternate hypothesis is accepted; there is a significant positive relationship between Basic Infrastructure and Performance of SSBs ($0.002 < 0.05$), thus the null hypothesis (H_{02}) is rejected and the alternate hypothesis is accepted; there is a significant positive relationship between Legal & Regulatory Framework and Performance of SSBs ($0.001 < 0.05$), thus the null hypothesis (H_{03}) is rejected and the alternate hypothesis is accepted and finally, finding provides support for result (H_{04}) test which indicated that Technological Capacities has a positive significant relationship with Performance of SSBs which is evident with the p-value ($0.003 < 0.05$) thus the null hypothesis is rejected and the alternate hypothesis is accepted.

5.2 Conclusion

From the findings of the study, it can be concluded that, overall the environmental factors had a significant effect on the performance of SSBs in Delta State, Nigeria. Specifically; Access to External Financing has significant positive relationship with Performance of SSBs in Delta State. Thus, the SSBs in Delta State should maintain and expand their accessed to external financing, since is a major tool that enhances their performance. Basic Infrastructure has a significant positive relationship with Performance of SSBs in Delta State. Based on the findings, it showed that product innovation has contributed immensely to promoting brand performance in Nigeria manufacturing firms. Legal & Regulatory Framework has a positive significant relationship with Performance of SSBs in Delta State, thus the Delta State government should continue maintain and improve upon friendly government policies for SSBs operations, since is major external factor that encourages SSBs performance in Delta State. Technological Capacities has a significant positive relationship with Performance of SSBs in Delta State. Based on the findings, it showed that technological capacities have a major influence on Performance of SSBs in Delta State.

5.3 Recommendations

The recommendations made flow from the findings of the research and constitute the researcher's advice to SSBs in Nigeria for improving their operations and businesses performance. Based on the findings, the study recommends the following;

1. Government should do more by making SSBs friendly policies in terms of loan access and zero interest rate. They should also put in a place strict disciplinary measures against government official who may want to corruptly allocate funds meant for SSBs growth. Although Nigerian government recently raised Sukuk bond of ₦100 billion solely for infrastructural development and also has almost concluded arrangements on raising \$3 billion Eurobond. Borrowing alone would not change the face of poor roads, bad railway system, non-existing water system etc., but concretely investing the money to give our moribund infrastructure a facelift.
2. Government should regularly organize seminars, workshops and conferences for small and medium scales owners and managers to develop their management skills and competencies. SSBs owners/managers should also avail themselves of the training opportunities.

3. Managers in the organizations should note that the technological factor in their operating environment has profound influence on the production strategies and programmes of the firms. Managers in the manufacturing firms need to be proactive in dealing with the pace and trend of invention and advancement

5.4 Suggested Areas for Further Study

I hereby make the following suggestion for further study: This study has some limitations that could be an avenue for future study to explore. First, this study made use of four variables of external environmental factors; future study should include internal environment factor of like poor managerial skills etc and additional variables like firm strategy, political, raw materials, channel of distribution, firm structure etc. Secondly, the area of study is limited to Asaba, Delta State and the empirical findings may be difficult to generalize to Nigeria as a whole because of the different characteristics across the 36 states of the six geo-political zones in Nigeria. Future studies can enlarge the database to address this issue. Lastly, the statistical tool used in this study is Pearson Product Moment Correlation Coefficient, which does not allow for control variables like size, age education etc which might affect small and medium scales performance as well. Future studies should adopt partial correlation that can control for these intervening variables.

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