

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Small and Medium Enterprises (SMEs) are increasing and growing rapidly in the local and global arena. The dire need and understanding of its revolutionary effects on any economy is rife. These have made it remain very prominent in the industrial growth path of any economy, and efforts towards the sustainable growth of the sub-sector have been intensified. This is an evidence for the various attempts to inspire developing countries to accentuate and actively participate in Small and Medium Scale Enterprises.

According to Osuagwu (2006), Small and Medium Enterprises (SMEs) are creating revolutionary effects in the economies of the world. He says, the global economy is heavily dependent on SMEs and the latter have contributed immensely to the meaningful and sustainable growth and development of these economies in terms of Gross Domestic Product (GDP), National Income (NI), employments and standard of living etc.

A conceptual clarification of the nature of SMEs by various interest groups has controversies. Ekpeyong & Nyang (1992) posit that there have been conflicts of opinion over the true nature and definition of SMEs. This is owed to the disparities or differences in the level of economic development in different countries, so that what appears to be small in some countries may either be intermediate/medium, or even large in other countries. In any case, from the Nigerian perspective, Small and Medium Enterprises (SMEs) have been defined as any enterprise (profit or non-profit oriented) with a minimum asset base of not less than N500, 000 and maximum asset base of N200

million, excluding land, working capital, having a minimum of 10 employees and maximum employees of 300 (Central Bank of Nigeria, 1995). This constitutes the working definition of this study.

The obvious and strategic importance of SMEs in Nigeria has occasioned the harnessing of efforts, from various quarters and interest to ensure SMEs survival, optimum performance, growth and development. While some organizations have been integrated with the objective of directly entrenching their success, others have acted in a secondary capacity. In all, the primary objective is to achieve effective and efficient performance of SMEs (Osuagwu, 2006).

The actualization of goals and objectives is the preponderating agendum of any organization. The company's mission needs to be turned into detailed supporting objectives for each level of management (Kotler and Armstrong, 2009). In achieving these goals and objectives, a lot of relevant factors must be considered; this includes the marketing practices of the organization, availability of resources, environmental perception of the firm etc. Given the possibility of engaging in appropriate resources, a firm should concentrate its effort in understanding the dynamic nature of marketing environment. Environment provides the reason for the life of a business. An organization is a subset of a larger system, called business environment or marketing environment (Osuagwu, 2006)

Kotler & Armstrong (2009) defines the marketing environment as consisting of the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationship with target customers. Environment has been seen as the totality of the factors that affect, influence, or determine the operations

and/or performance of a business (Osuagwu, 2006). It should be noted, however, that the environment consists of a wide variety of factors and influences; it is possible to group them under four broad headings: sociocultural, technological, economic and competitive, political and legal influences (Brassington & Pettit, 2006).

Therefore, if the competitive force is weak, companies have the opportunity to raise prices to make more profit and if the competitive force is strong this could lead to significant price competition including price war and this may result from the intense rivalry among competitors. All these affect the activities and performance of business hence, it becomes necessary that SMEs in Nigeria must possess a tacit understanding of the dynamics of the marketing environmental forces in which they operate.

However, a good knowledge about the marketing environmental factors provides SMEs an understanding of the marketplace opportunities and the product strategies necessary to pursue them, i.e. what they might choose to do. An analysis of the internal and external environment also enables a firm to determine what it can do i.e. the actions permitted by its unique resources, capabilities and core competencies (Oyedijo, 2004).

Small and medium scale enterprises (SMEs) role in Nigeria cannot be overemphasized hence, it becomes important to understand their volatile environment which presents opportunities and threats. Generally, the goal of all managers of Small and Medium Enterprises is to be proactive in their management decision- making practices, i.e. to make decisions whereby they help create the future environment that will enable them to achieve their organizational goals and objectives (Osuagwu, 2006).

1.2 STATEMENT OF PROBLEM

The ineffective and inefficient performance of Small and Medium Scale Enterprises (SMEs) as a result of their poor perception of and response to the environmental factors in Nigeria necessitated this research work. It is important to note that all other management factors considered, the success or failure of organizations including SMEs is heavily dependent on environmental influences upon them.

Poor or inadequate knowledge of the operating environment of SMEs adversely affects the performance, survival, growth, and eventual success of SMEs (Osuagwu, 2006). Culkin & Smith (2000) posits that marketing environment varies from one country to another, depending on the peculiarities obtainable in the various countries. For example, the legal and political constraints obtainable in Nigeria are distinct from those obtainable in countries such as the U.S.A., Japan and other parts of Europe. Despite the broad and dynamic nature of marketing environmental factors and the particular relevance of SMEs in a developing economy, there is still inadequate knowledge and understanding of the environmental factors. This study addressed this critical area. Perceptions of environmental factors and organizational performance were investigated. This has been represented by the following performance measure, such as, higher sales growth, high market share, high returns on assets and high margins on profit.

1.3 RESEARCH QUESTIONS

In order to achieve the objectives of this research, attempts are made to provide answers to the following research questions:

- i. What are the impacts of marketing environmental factors on the performance of Small and Medium Enterprises?
- ii. What is the relationship between marketing environmental factors and organizational performance measures?
- iii. To what extent do effective SMEs differ from less effective SMEs in terms of their perception of environmental factors?

1.4 RESEARCH OBJECTIVES

In order to achieve the objectives of this research, attempts are made to provide answers to the following research questions:

- i. To determine the impacts of marketing environmental factors on the performance of Small and Medium Enterprises?
- ii. To examine the relationship between marketing environmental factors and organizational performance measures?
- iii. To examine how effective SMEs differ from less effective SMEs in terms of their perception of environmental factors?

1.5 SCOPE AND LIMITATION OF THE STUDY

This study concentrates on the impact of marketing environmental factors on the performance of Small and Medium Enterprises. Therefore, due to time and financial constraint the study will be limited to Alaba International Market (Electronics) in Ojo Area of Lagos State. It is important to this as SMEs in Lagos State alone may not be a true representation of the total population. However, this to an extent can be tolerated as Lagos State remains the commercial, trade and industrial centre of South Western,

Nigeria. The time constraint for this study is worthy of mention, more so, the dearth of relevant secondary data.

In terms of delimitation, the dependent variable (performance of SMEs) has been represented by the following performance measure, such as, higher sales growth, high market share, high returns on assets and high margins on profit. With respect to the independent variable (Marketing Environmental Factors) this has been delimited to include SMEs to be more innovative, employ new processes and achieve international growth if their decisions are contingent on a thorough understanding of the Marketing Environment.

1.6 SIGNIFICANCE OF THE STUDY

A study of this nature is expected to contribute to the performance of SMEs and other organizations. It provides a basis for the understanding of the importance of marketing environment. This study also contributed to environmental factors acceptability in SMEs and other similar sectors.

This study is likely to be useful to SMEs operating in the country. Business executives will also find this study relevant in terms of understanding the dynamics of marketing environment, also to those responsible for the formulation of environmental policies. The study will equally be of immense use to students researching on this area of study. It also hopes to be an eye-opener towards the running a successful small business enterprise by managing the dynamics of marketing environmental factors properly.

Finally, the study is expected to stimulate further research interest in other aspects of environmental factors of Small and Medium Scale Enterprises in general.

1.7 OPERATIONAL DEFINITION OF TERMS

Various meanings are ascribed to concepts and constructs by different scholars. In the course of this study however, various operational terms were used and their meanings are given as below;

Competitor: A firm or individual that sells closely related product/service, used related channel and target related customer

Consumer: A person that uses product i.e. the final user.

Customer: A person that regularly or frequently buys product.

Dynamic environment: Is an environment that is unpredictable, ever changing and forecasting in such environment is difficult (Oyedijo, 2004).

Firm: A business unit that engages in the production and marketing of products and services for making profit.

Functional manager: A person who has management authority over an organizational unit or department.

Industry: A collection of firms that produce related products

Line manager: A person responsible for getting effective performance of staff in an organization.

Marketing environment: Actors and forces outside marketing that affect the marketing manager's ability to develop and maintain successful relationship with its target consumers (Boddy, 2008).

Marketing management: A business discipline which is focused on the practical application of marketing techniques and the management of a firm's marketing resources and activities (Oyedijo, *et al.*, 2010).

Opportunity: External factors that an organization may be able to exploit to its advantage

Organization: A social arrangement for achieving controlled performance towards goals that create value (Boddy, 2008).

Perception: The way in which individual analyze and interpret incoming information and make sense of it (Brassington and Pettit, 2010).

Performance: The accomplishment of a given task measured against preset known standards of accuracy (Oyedijo, 2004).

Policies: The principles or rules that guide decisions.

Product: Anything offered to the market for attention, acquisition and use

Resources: An economic or productive factor that is required to accomplish an activity

Service: Intangible activities that is enjoyed instantaneously and cannot be separated from the supplier

Static environment: This is an environment that is relatively straight forward to understand and not undergoing significant change (Oyedijo, 2004).

Supplier: A person that offers product/service for sale

Threat: Current and emerging external factors that may challenge an organization's performance

CHAPTER TWO

LITERATURE REVIEW

2.1 CONCEPTUAL REVIEW

2.1.1 Small and Medium Scale Enterprises

Small and Medium Scale Enterprises (SMEs) are submerged environments that are characterised by varying degree of uncertainty (Albright, 2000). Environmental uncertainty represents change in the political, economic, technological, socio-cultural, demographic, natural/physical, regulatory, international, customer and competitive factors that constitute a business environment or marketing environment. The degree of environmental change of a business environment can be identified as turbulent (Idris, 2009). He emphasized that changes in Nigerian business environment occur rapidly such that it can be described as turbulent. The turbulent change occurring in the Nigerian business environments have imposed economic pressure on the competitiveness of Nigerian SMEs and have weakened their market performance. To solve this problem, it is expected that SMEs put in place decisions that are effective. Effective decisions are those that are capable of mitigating the effect of environmental uncertainty (Beale, 2000).

A necessary condition required to put in place decisions that are effective is to thoroughly understand the dimensions of the environmental factors that are responsible for the turbulence. In light of this, Nigerian SMEs must understand and anticipate the opportunities and threats the turbulent environment presents. However, Kotler (2001) remarked that the dynamics in most business environment fast out-pace the capability

of SMEs to keep abreast with the changing trends. If this is the case, it becomes logical to get puzzled as to how Nigerian SMEs make decisions.

2.2 THE NATURE OF THE MARKETING ENVIRONMENTS

A small business organization is a product of its environment, and it exists to satisfy some needs and wants in the environment, whether the organization is a profit making, government, church, charity or civic organization. Therefore, the business environment provides the reason for the life of a small business organization (Osuagwu, 2006). Hayton (2005) posits that as business/marketing environment becomes more complex and dynamic, small business enterprises must become more entrepreneurial in order to identify new business opportunities for sustained efficiency and effectiveness.

According to (Oyedijo *et al.*, 2010), Organizations operate in a world that is interconnected. No one is an island. The world, and invariably businesses, is getting more interconnected by the day particularly with advances in communication technology having transformed the world into a global village. To have cutting – edge advantage in the marketplace, marketers must become adept in customers relationship management and partners relationship management. There are just no two ways about it. If they do not excel in these areas, the myriads of relationships which exist in the business world will if not properly managed, negatively impact on the company. To understand these relationships and manage them well, marketers as the bridge between the organization and the outside world must understand the forces which lie behind shape or influence the relationships. These forces are generally referred to as the company's environment or the company's marketing environment. An understanding,

regular scanning and analysis of this environment is very important to Small and Medium Scale Enterprises.

Without clear understanding of marketing environment, Small and Medium Scale Enterprises will not be able to recognize and respond in a profitable manner to meet consumer needs and trends their major objective and basis of corporate survival (Oyedijo *et al.*, 2010).

However, Marketing Environment has been defined as the actors outside marketing that affect marketing management's ability to build and maintain successful relationship with target customers (Kotler and Armstrong, 2009). The words "actors (human participants in the marketing system) and forces (invisible influences, ability, build and maintain successful relationships, and target customer) are key in this definition. It is also important to note that these actors and forces (the marketing environment) are ever- dynamic in nature i.e. they keep changing. They also present the discerning marketer with business *opportunities* in various forms and impose various *threats* which if not anticipated and confronted can cause great damage"(Idris, 2009: p.90). Osuagwu (2006) defines Marketing Environment as the totality of the factors that affect, influence or determine the operations or performances of a business. The environment determines what is possible for the organization to achieve. It provides the lifeblood for the organization by providing a market for its product and services and by serving as a source of resources. The marketing environment is contained in the business environment. According to Ogundipe (2001), the business environment is the totality of both the internal and external environment of the business. It should also be noted, however, that the environment consists of a wide variety of factors and

influences; it is possible to group them under four broad headings: socio-cultural, technological, economic and competitive, political and legal influences (Brassington and Pettit, 2006).

A business organization must therefore, adapt to the totality of forces, factors and institutions within its environment for the attainment of its major goals and objectives. A corporate manager or small business enterprise operates within the following business environment:

1. The economic environment
2. The technological environment
3. Legal environment
4. Political environment
5. The social environment
6. The competitive environment
7. The operating environment, among others.

Osuagwu (2006) grouped in a conventional manner, these environments into broad categories, which are: *internal* (micro), *intermediate*, and *external* (macro) environment.

The micro environment (internal) is the organization itself. It comprises various internal systems and operations that the organization uses to produce the product and services necessary to satisfy the many needs and wants of clients, customers and groups in the macro environment. ***The intermediate environment*** is the environment that connects the organization to the macro environment. It comprises various systems such as suppliers, insurance companies, bankers and distributors that link the organization to

its macro environment. ***Macro environment (external)*** is the total environment in which the organisation exists. It comprises systems and factors that are outside the organisation. The major business environments affect the organisation in one way or the other.

Therefore, the purpose of internal environment is to assess how the firm can capitalize on internal strengths and overcome internal weaknesses to compete successfully in selected markets (Meek and Meek, 2001). Porter (1985) developed a concept of business value added includes five primary business activities (inbound logistics, operations, outbound logistics, marketing and sales, and service) and four support activities (procurement, technology, human resource management and firm infrastructure).

The most important influence on SMEs and strategy is the environment outside and inside the organization. It is clear that an organization does not operate in only one environment, and the ways in which these environments affect the organization differ. According to Osuagwu (2002), the rate of change in different environments varies and the forces such environments can connect many different parts of the organization. The rate of change among different environments would vary, and the influence of environment on business organizations is not unilateral force; corporate policies and strategies have a significant effect on business environment (Steiner and Miner, 1977). To be successful therefore an organization must interact with its environment because it supplies the organization with inputs that are necessary for its products and services. Every organization exists within an extensive and complex environmental network. An

organization's environment refers to all groups, norms, and condition with which an organization must deal with (Osuagwu, 2006).

2.3 IMPORTANCE OF MARKETING ENVIRONMENTAL FACTORS ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs)

It should be noted that dimensions of managerial practices, organizational structure, and corporate policies and strategies are influenced by changes in environmental variables. Substantial changes have been taking place in Nigeria organizations as a result of the changes in environmental variables. In an effort to assist understanding of cross – cultural comparative management studies, Richman (1964) cited in Osuagwu (2006) had argued that managerial effectiveness is a function of external environmental variables. Lawrence and Lorsch (1967) on their own have demonstrated that environmental variables affect the subsystems of an organization. Therefore, if an SME is to achieve efficiency, effectiveness, and overall improved performance, each of its subsystems must respond appropriately to its relevant environments.

The first set of factors, which can be used to explain an SME's performance, relate to the environments where the organizations are operating. Much of the works in these areas have suggested that the rate of technological change and the intensity of market competition are the most important environmental factors affecting SMEs performance. In similar vein, Cooper (1979) as cited in Osuagwu (2002) identified eleven factors affecting the success of new product introductions, three of which relate to technological factors.

These factors are as follow;

1. Introduction of a unique, but superior product or service
2. Having a market knowledge and marketing proficiency
3. Having technical and production synergy and proficiency
4. Avoiding dynamic market with many new product or service introductions
5. Beginning in a large, high-need, growth market
6. Avoiding the introduction of a high-priced
7. Having good product/company fit with respect to managerial and marketing resources
8. Avoiding a competitive market with satisfied customers/clients
9. Avoiding product new to the firm
10. Having strong marketing communications and launch effort
11. Having a market-driven idea with considerable investment involved.

The environment of SMEs is an important phenomenon in marketing and other business activities. The identification of the major benefits and obstacles in the environmental factors will enable SMEs to relate and react to the environment (Achumba, 1995). The environmental factors provide the lifeblood for the SMEs by providing a market for its product and service and by serving as a source of resources. It determines what is possible for the organization to achieve. For instance, the goal and *political environmental factors* regulate the activities of SMEs in order for it to maintain the acceptable ethical stand to be socially responsible.

The *economic component* of any business environmental factors indicates how resources are distributed and utilized. Indices of the economic environment include:

inflation rates, employment rates, interest rates, consumer income, etc. These factors have significant impact and implications for strategic marketing practices. The rate of inflation, for example, will affect the general price level of goods and services.

The *socio – cultural environment* describes the characteristics of the society in which customers/clients live. Factors of importance to SMEs include: consumer's life style, hygiene, Customers' belief, value, age, literacy level, etc. Each of these factors will determine how efficient and effective SMEs operate.

The *technological component* of the business environment relates to the state of the art method of delivering goods and services. An important consideration here is the SMEs technical facilities for the production and delivery of goods and services. Changes in technology result in new tools, new materials, new services and new processes and procedures.

However, SMEs increase their chances of success through making a serious attempt to work through the strategic issues embedded in strategic management model (Wheelen & Hunger, 1998). The high performance organizations design their strategies keeping in view the external environment and business strategies of the organization (Hanna, 1998).

2.4 BUSINESS ENABLING ENVIRONMENT (BEE) FOR SMALL AND MEDIUM ENTERPRISES IN NIGERIA

According to Osuagwu (2006), BEE is an industrial infrastructure or many environments within which small business organisations operate. The Business Enabling Environment (BEE) can be seen as the norms and customs, laws, regulations, policies, international trade agreements and public infrastructure that either facilitate or

hinder the movement of a product or service along its value chain. Osuagwu (2006) identified the elements of the Business Enabling Environment (BEE) which include the followings:

- Electricity
- Transportation
- Communication
- Water supply
- Financial infrastructure, among others

The effectiveness and efficiency of the infrastructural system in any economy including Nigeria affect the overall performance of Small and Medium Scale Enterprises. In Nigeria, like in other developing economies, these elements that constitute the BEE for small business management are in most cases being provided by government (Osuagwu, 2006).

To appreciate the forward-linkage effects of the above elements on the performance of SMEs, it is imperative to briefly assess their contributions one after the other. In this regard, Osuagwu (2006) submits as follows;

- **Electricity**

Electricity supply to small business firms in Nigeria is usually inadequate and unreliable. Although the National Electric Power Authority (NEPA), now Power Holding Company of Nigeria (PHCN), nominal generating capacity of 4550 megawatts far exceeds clients' peak load demand of 2000 megawatts, problems resulting from transmission and particularly distribution networks have created unnecessary differences between demand requirements and generated and delivered electricity. The

consequence of this is that most Small and Medium Scale Enterprises in Nigeria operate their own electric generators. In some cases, it is the PHCN's/NEPA's electricity that is on "stand-by" while companies' electric generators are in near-permanent operation.

- **Transportation**

Inadequate public transportation in Nigeria is a serious problem to participation and management of Small and Medium Scale Enterprises in Nigeria. The provision and availability of transportation facilities are very poor with respect to air, road, railway, pipeline, internet and maritime modes of transportation. The inadequacy and poor condition of roads are the causes of traffic hold-ups and damage to vehicles. The rail system in Nigeria lacks efficient and effective management. Maritime transport services are also poor. Most of the modern cargo handling equipment meant for port operations and movement of cargoes have not been developed and exploited.

- **Communication**

Communication system in Nigeria comprises telephones, telex, internet and others. It is a fact that the telephone service in Nigeria is both inadequate and unreliable. Letters are unnecessarily delayed. Privileged small business firms have therefore resorted to the use of courier service firms for their communication needs. Efficient and effective communication system, which is an essential industrial infrastructure, is generally inadequate, unreliable for participation in, and management of Small and Medium Scale Enterprises in Nigeria.

- **Financial Infrastructure**

Since the introduction of Structural adjustment Programme (SAP) in 1986, there has been phenomenal increase in the number of banks other financial institutions in

Nigeria. Despite this increase in the number of banks, it is still very difficult to obtain loan for small business operations in Nigeria. Interest rates charged by banks and other financial institutions for small business activities have been very high and unstable.

- **Water Supply**

There is no part of Nigeria where there is adequate supply of water. Most Small and Medium Scale Enterprises do not have regular and adequate supply of water for industrial or commercial operations. In most cases, what is found is that every small business enterprise owns an internal water supply system at an expensive cost; which is subsequently passed on to the consumer.

In conclusion, the above and many more environmental variables like competitive, operating, business enabling environment, etc are vital to the effective and efficient performance of SMEs. According to Kotler and Armstrong (2009), successful companies know the vital importance of constantly watching and adapting to the changing environment. Therefore, a marketing manager must be able to understand the mechanics, elements, dynamics and functioning of the Nigerian business environment for optimum marketing practice (Osuagwu, 2002)

2.5 SMALL AND MEDIUM ENTERPRISES (SMES) IN NIGERIA

Over the years, particularly since the adoption of the economic reform program in Nigeria in 1986, there has been a decisive switch of emphasis from the capital intensive, large scale industrial projects based on the philosophy of import substitution to small scale industries with immense potentials for developing domestic linkages for rapid, sustainable and industrial development (Iyang and Ukpog, 1995). They further explain that apart from their potential for ensuring a self – reliant industrialization, in

terms of ability to rely largely on local raw materials, Small Scale Enterprises are also in a better position to boost employment, guarantee a more even distribution of industrial development in the country, including the rural areas and facilitate the growth of non-oil exports.

Small business firms play a significant role in world economy. It should also be noted that some of the world's multi-national corporations, which have influenced many world economies, started as small business enterprises (Osuagwu 2006). Small and Medium Scale Enterprises (SMEs) all over the world are generally acclaimed as the engine of growth. They account for at least 70% of employment and contribute significantly to Gross Domestic Product growth (Bankole, 2004). He further submits that in countries like Indonesia, India and Taiwan, SMEs contribute over 40% to Gross Domestic Product (GDP) growth of their respective countries. In Nigeria however, SMEs contributions to economic growth remains marginal at less than 3%. Yet, over 90% of companies in Nigeria are classified as SMEs.

SME as a concept is without an acceptable universal definition among academia, researchers, practitioners and policy makers. As forwarded by Ekpeyong and Nyong (1992), there is hardly any unique universally accepted definition of SMEs, because the classification of business into small or large scale is a subjective and qualitative judgement. Thus the classification of an enterprise into small, medium or large scales is relative and varies from institution to institution and from country to country depending essentially and factually on the country's level of development. Even within a country, the definition changes over time, depending on circumstances and objectives of institutions. There are however some common indicators in most definitions namely,

the size of capital investment (fixed assets), value of annual turnover (gross output), and number of paid employees.

Osuagwu (2006) provides the following criteria to describe small business enterprises:

- ✓ *Number of employee* (for example, an establishment with up to 19 employee may be referred to as “very small” up to 99 as “small”, between 100 and 499 as “medium” and over 500 as “large”)
- ✓ *Sales volumes*
- ✓ *Financial strength*
- ✓ *Relative size*
- ✓ *Initial/takeoff capital*
- ✓ *Comparison with past standard*
- ✓ *Independent ownership*
- ✓ *Type of industry, among others.*

In furtherance, Ekpeyong and Nyong (1992) posit that in countries such as U.S.A., Britain and Canada, SMEs is defined as in terms of annual turnover and the number of paid employees. In Nigeria, the conceptual issues have generated various divergent opinions among bankers and financial institutions, government, research institutes and development agencies. An attempt to harmonize the definition was made in 1992 by the National Council on Industry. It was later modified in 1994 and then in 1996. The Central Bank of Nigeria (CBN) in 1988 defines SMEs (excluding general commerce as enterprises in which total investment (including land and working capital did not exceed N500, 000 and/or the annual turnover did not exceed N5 million

(investment), and N25 million (turnover) respectively (Central Bank of Nigeria No 22, 1988).

From the foregoing, it is convenient to broadly describe SMEs as enterprises with capital outlay of between N1 million and N150 million and workforce of between 10 and 100. For the purpose of this study though the definition of the bankers committee may be adopted, which describes SMEs as enterprises with maximum asset base of N200 million excluding land and capital and with the number of staff not less than 10 and not more than 300.

Baumbach (1992) cited in Osuagwu (2006) opines that small business organizations generally possess the following characteristics (which also create some of their managerial problems, difficulties, and special needs of strategies and practices):

- Actively managed by their owners
- Substantially personalized
- Substantially local in their relevant areas of operation
- Relatively small in size with regard to their respective industries of operation, and
- Substantially rely on internal sources of finance for their growth.

However, Osuagwu (2006) also explains that, the unique characteristics of small business enterprises include size, management style, marketing approach, strategy, human resource issues, financial performance, independence, survival, control, pragmatism, and financial prudence, among others.

In addition to those definitions, SMEs in Nigeria also have the following identifiable features

- They exist mainly in form of sole proprietorship and partnership,
- Management structure is simple and allows for easy decision making (no separation of ownership from control);
- Informal relationship between employer and employees;
- Make greater use of local resources;
- Majority are labour intensive.

Development issues form the focus of many strategies that become policies of government. In the context of developing countries such as Nigeria, poverty reduction or alleviation is the nucleus of economic development policies. One of the instruments that have been identified to tackle poverty and promote economic development is the promotion of SMEs (Rogers, 2002). Development of SMEs is seen as an instrument that can be used to generate sustainable development. A sustainable development is one, which ensures that the general population can attain an acceptable level of welfare – both at present and in the future. It is therefore a truism that industrialization remains a veritable strategy to economic advancement and the promotion of SMEs as a subsector of industrialization is a pertinent instrument for economic development. This is because small scale industrial approach lends itself easily as a tool in the development process.

In many parts of the world, the importance of small and medium scale enterprises (SMEs) in the process of socio-economic development has been well documented. In developing countries in particular, it is now realized that large scale enterprises have not played and cannot alone be expected to play the dynamic role that they are supposed to play in the rapid growth and development of the economies. According to Nwoye (1994), SMEs promotions are truly dedicated to the conviction that a healthy small and

effective business community is essential to maintaining the best economic health of a nation and the freedom of its citizens. In any case, big firms may attract recognition and attention but without small operators their services will not get to the people.

The different roles (SMEs) play in the economy cannot be over – emphasized for instance, in the Nigerian economy which is dominated by agricultural and extractive sectors. SMEs provide the largest employment opportunities. In the work of Ojo (1995) for example observed that SMEs provide more jobs per unit investment and per unit of energy consumed. In Nigeria SMEs also provide geographical spread of industrial and commercial development thereby engaging the active population in productive activities in different parts of the country.

The importance and relevance of SMEs is also manifested in numerous dimensions. In one way, they enhance capacity building as they serve as entrepreneur training avenues, also they achieve a much more relatively high value added operations because they are propelled by basic economic activities that depend mostly on locally sourced raw materials, furthermore, SMEs provide feeder industry services as they serve as major suppliers of intermediate goods and components of large scale industries. In addition, they provide opportunities for the development of local skills and technology acquisition through adaptation.

Given all the above position impacts and indicators SMEs can create in an economy it is understandable then that they are now at the centre–piece of development process worldwide. As a matter of fact, it is generally accepted that they constitute over 90% of the number of firms in most countries. In most countries SMEs provide between 40% and 80% employment, and 30% – 70% of the GDP (Bankole, 2004).

2.6 SMALL AND MEDIUM ENTERPRISES (SMES) MANAGERS' PERCEPTION OF ENVIRONMENTAL FACTORS

Very little has been done by previous researchers concerning the means by which corporate managers see the environmental factors in classifying their perceptions of the environmental factors, or in explaining how various perception of managers affect their corporate strategies, decisions and performance. Steir and Miner (1977) posit that nothing exists with respect to classifying the ways and manners in which environment and corporate missions are related.

The issue of dealing with the environment has a tremendous impact on the goal of the business which, for the most part is profit and creation of employment. It also has impact on structure which is the organizational set – up and, of course, the human relationship within the establishment. According to Nwoye (1994), the task of dealing with the environmental issues requires many evaluations of organizational priorities, concepts, and skills of the workers. The small business owners or managers of SMEs have a lot of different issues and problems to confront in daily life. Besides, the job also brings the involvement in its ownership and several other tasks. In today's economy, having a quality image or being a green company presents a distinctive marketing advantage for the products marketed by the organization. In addition, the organization is already faced with numerous regulations relating to product liability, health and safety for the employees, quality issues, customer compliant handling and environmental issues. Then, there is always the present need to cut costs. The lack of knowledge by SMEs is an important factor. Most SMEs do not have a responsible manager who takes on the quality of environmental tasks.

According to Osuagwu (2006), SMEs (manufacturing or service oriented) are essentially open systems. Their successful operations, growth and survival are influenced by myriads of environmental factors most of which are outside the control of the organizations. He also posits that the Nigerian business environment in particular is full of complexities, fluidity, uncertainties and instability. Many factors operate at cross purposes; many decisions are made which lack factual basis; not to talk of governmental and macro-economic policies which are made reversed instantly. Change is an important dimension of human and organizational survival and growth. But change for the sake of change, or changes that are blindly conceived and implemented, can be detrimental to organizational growth and development. In the light of this, the salient problem before a Nigerian marketing manager is to identify, understand, and utilize the major elements of the Nigerian business environment in strategic marketing decisions. Nigerian businesses operate in the free enterprises system. This means that the business irrespective of their size, operate in a dynamic environment by the performance of the operators (Oyedijo 2004). According to Osuagwu (2002) the businesses compete for consumer acceptance, so their success depends on how will they match or counter the offer of their competitors. Iyang and Ukpong (1995) posit that the business entrepreneur takes risk in a free enterprises system. He sees what looks like an opportunity and tries to take advantage of it with the sole purpose of making a profit. In attempt to meet with the goals and objectives, business enterprises are constantly confronted with pressures from the environment where they operate. It is important therefore to identify the ways in which changes in the environmental factors can directly or indirectly influence the business enterprises.

2.7 THEORETICAL REVIEW

2.7.1 The Competitive Environment – Porter's Five Forces

Porter (1980) cited in Meek and Meek (2001) provides a more analytical framework for the external environment. He hypothesized that there are five forces that influenced the nature of competitive behaviour in any industry sector which has diagrammatically shown in Fig. 2.2, these are:

1. The threat of new entrants
2. The threat of substitute products
3. Bargaining power of buyers
4. Bargaining power of supplier
5. The rivalry among existing competitors

1. **The Threat of New Entrants:** Is it for other firms to enter the industry, or are there barriers to entry? Barriers to entry may include:

- a. Economies of scale
- b. Product differentiation
- c. Requirements for capital investment
- d. Switch costs i.e. the costs and inconveniences that customers would experience by changing suppliers
- e. Access to distribution channels
- f. Others such as patent, experience and technical know-how, etc.

2. **The Threat of Substitute Products:** Substitute products are the products that are produced by two or more industries which can satisfy the same customer

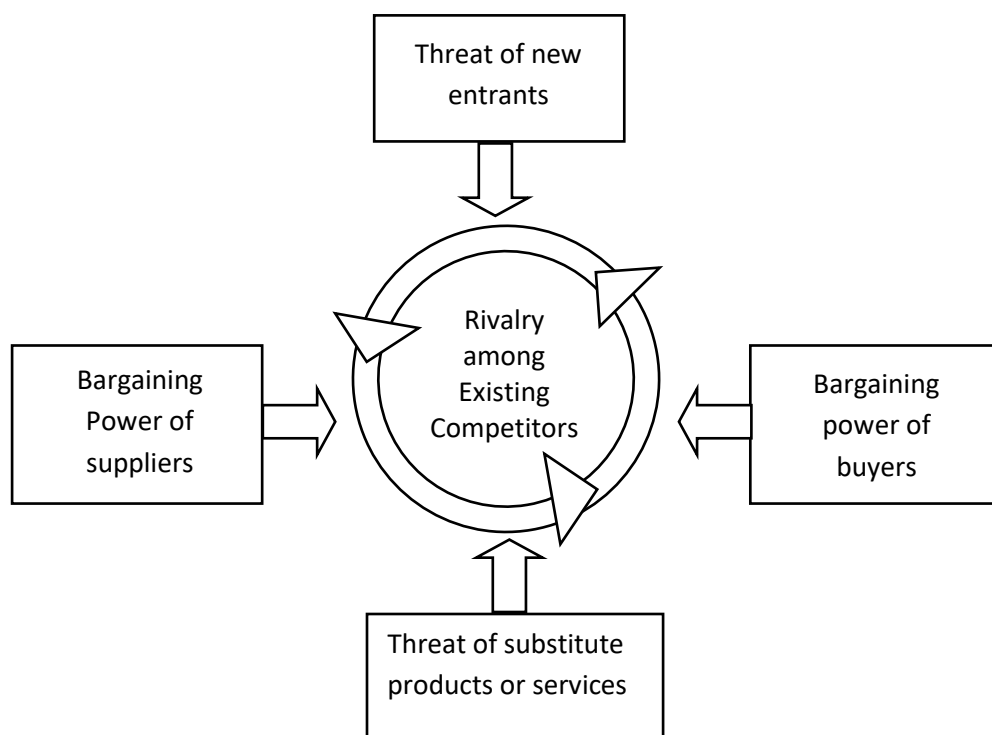
need. Therefore, substitute limit the price an industry can charge but this depends on the degree of substitutability.

3. **Bargaining Power of Buyers:** Buyers are in a strong position to exert pressure on suppliers for lower prices and/or more product features which reduce the profitability of an industry. The followings are the reasons for the buyers to have bargaining power:
 - a. If the buyer buys a large proportion of the output
 - b. If the buyer can easily find other sources of supply
 - c. If there are low switching costs
 - d. If the buyer make low profit
 - e. If the buyer can take over sources of supply
4. **Bargaining Power of Suppliers:** The bargaining power of suppliers is a mirror image of the bargaining power of buyers. This can happen under the following conditions
 - a. If suppliers can easily find other buyers
 - b. If the supplier's products are more important
 - c. Switching costs
 - d. If there is a few number of suppliers
5. **Rivalry among Existing Competitors:** This will affect the industry as a whole. It refers to the conventional type of competition in which firms try to take customers from one another. This rivalry among existing competitors is termed by Porter as "Jockeying for position". Rivalry or competition may take many forms such as:

- a. Price competition
- b. New product and increase level of customer service during and after sales
- c. Promotion
- d. Innovation

Therefore, if the competitive force is weak companies have the opportunity to raise prices to make more profit and if the competitive force is strong this could lead to significant price. Competition including price war and this may result from the intense rivalry among competitor.

Figure 2.1: Porter's Five Model of Competition



Source: *Porter, M. E. (1980) cited in Oyedijo et al. (2010)*

Sharfmon and Dean (1991) argue that there is no universally accepted measure of environments in the literature. While small business organizations may be able to do little or nothing to change some environmental forces, they have no alternative but to

adapt and respond to them. They must identify, evaluate and react to the environmental factors that may affect their members and operations. They further explain that if organizations are responding to their environment, they should attempt to forecast it since it normally takes time to make change in any organization.

2.7.2 Trade Theory

This in addition embraces endogenous dissimilarities between nations. The main emphasis here is on economies of scale. JaeBin (2010) argued that the larger market as a result of trade imposes a cost advantage in an industry in one of the countries. The second theory depends on monopolistic competition, Ren et al. (2010) opine that this is a situation that the larger markets result to trade increase. Due to varieties of commodities in the markets, buyers search for distinctive qualities of international brands. James and Marcouiller (2002) mentioned that differentiated products trade flows both ways within product groups, and the costs also determine the structure of trade in the international market. Economic theory of gravity describes the complicated mutual trade mechanism among nations. Real trade is far lesser than gravity envisages in a frictionless atmosphere, this provides evidence of trade costs much larger than those due to policy or transportation (Marin & Verdier, 2014). Such costs are properly described by geography and a set of national variations. Stabilizing this interconnection over time reveals that the costs change slowly

2.7.3 Competitive Advantage Theory

This concept is a situation a firm occupies against its competitors. Michael Porter propounded the three mechanism for creating a sustainable competitive advantage through cost leadership, differentiation or focus (James & Marcouiller, 2002). The

aspect of cost leadership come to play when an organization the same services as its competitors but at a lower cost. However, the differentiation advantage come to play when an organization delivers greater services for the same price of its competitors. JaeBin (2010) posit that they concept is jointly refer to as positional advantages because they indicate the position of the organization in its industry as a leader in either superior services or cost. Porter, competitive advantage emerges from the manner an organization organizes and performs discrete operations (1990). The activities of an organization can be grouped into a series of operations such as salespeople making sales calls, service technicians performing repairs, scientists in the laboratory designing products or processes, and treasurers raising capital. The ultimate value an enterprise creates is measured by the amount customers are willing to pay for its product or services. However, an organization is successful if the value created supersedes the overall cost of carrying out all of the required operations. In order to derive competitive advantage over its competitors, an organization must either provide comparable value to the customer, but carry out its operations more perfectly than its competitors (lower cost), or perform operations in a unique way that creates greater buyer value and commands a premium price (Porter,1990).

2.8 EMPIRICAL REVIEW

Feenstra (2003) argued that the concept of “buy low, sell high” rationality lead economists to the comparative advantage theory. The theory indicates that the comparison of relative price variance between countries to describe the trade pattern. Acs & Audretsch (2003) opine that entrepreneurship as measured by varying dimensions such as start-up activity rates, increase in business ownership both play

significant role in economies of nations. Entrepreneurship is perceived as an essential mechanism for development of national economies. This could be through its contribution to employment and innovation generation (Acs & Audretsch, 2003; Autio, 1994; Baumol, 2002; Carree & Thurik, 2003; Wennekers & Thurik, 1999). In addition, there are ample dissimilarities that occur between nations at the degree to which entrepreneurship adds positively to national economic growth.

Yeoh (2004) recommended cross-border entrepreneurship as an important instrument for national economic development. This mindset helps to gain insight into the variables that impact the emergence of different groups of entrepreneurship and into the economic outcomes. Additionally, the involvement of small and medium sized firms and young start-ups in the global economy despite environmental forces that deter firms performance outside their regions of operation. Mason & Zhou (2009) wrote that cross-border entrepreneurship, such as exports, are an essential avenue through which small firms are able to create value, to generate growth, to access new knowledge and technologies overseas. Recently, globalization of small and medium sized firms and young start-ups are expanding and could largely contribute to a greater number of economic players aiming at foreign markets (Hessels, 2007b). This expansion should be measured in the view of substantial dynamics that took place many years ago and that lead to lowering of transaction costs for undertaking global ventures. Considering that firms are operating in an economy that is becoming increasingly internationalized. Technological advancements such as the adoption of the internet, e-mail and lowering transportation costs have led to increased flow of information between countries that encourage small and medium sized firm's globalization (Autio, 2005; Reynolds, 1997).

This scenario has made it easier for small and medium firms to be able to assess needed information about international markets, communicate with international business partners and to coordinate different operations across national boundaries.

Musibau, Mercy, Adunola and David. Review of Global Marketing Environment and Entrepreneurship Development. Empirical studies reveals that the expansion and acceleration of cross-border entrepreneurship should be considered in the light of substantial changes that has taken place in the past decades and that resulted in a reduction of transaction costs for undertaking international business. In view of this, business venture owners globally find avenues of taking their brands to global markets, but marketing environment at the global arena presents several challenges to overseas players. The political, cultural and technological atmosphere has many influence on entrepreneurial success in foreign markets. The purpose of this study is to understand the challenges that entrepreneurial firms encounter in trying to launch their brands in global market. This study adopted a secondary approach to data collection by reviewing archival literatures in this domain of investigation. This study concludes that cross-border business activities are essential avenues through which emerging entrepreneurs could create value, generate growth and access new knowledge and technologies via their exposure to foreign markets.

Tao, Gyangyi and Weng (2017). Empirical Study on the Effect of Environmental Factors on Enterprise Growth - Comparative Analysis of Chinese Large Scale Industrial Enterprises and Small/Medium Industrial Enterprises. They selected large-scale industrial enterprises and small/medium industrial enterprises from 2007–2011 with five years of data from 29 provinces and cities in China to perform a comparative

analysis. A correlation analysis shows that (1) natural resource & infrastructure environment, business environment, human resource environment, social & cultural environment, science & technology environment, political environment have an influence on enterprise growth, but show some differences; and that (2) partial correlation and regression analysis show that natural resources & infrastructure environment and business environment have a very significant impact on the results for the two types of enterprises. The human resource environment and social & cultural environment have no significant impact on the results for the two types of enterprises. Science & technology environment in large-scale industrial enterprises have a better positive impact than in small/medium industrial enterprises. In contrast, political environment in small/medium industrial enterprises have a better positive impact than in largescale industrial enterprises.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The term research methodology refers to the theory of how research should be undertaken (Saunders, Lewis & Thornhill, 2007). It involves the study (*ology*) of the various methods of undertaking research. On the other hand, research methods refer to techniques, processes and procedures used to obtain and analyze data. Research methods, therefore, are the methods (i.e. procedures, processes, systems, instruments, etc) used in carrying out a particular research. This is the purpose of this chapter and, therefore, the methods used in collecting and analysing data in respect of the research problem are discussed here.

This chapter, therefore, outlines the research questions and discusses the research design, population of the study, the sampling procedure used and sample size, the research instrument, pilot study, the administration of the research instrument, and the data analysis procedure used. This is because in line with established procedures, the study employed statistical methods and techniques for collecting, analyzing and presenting data to achieve the purpose of the study. The chapter ends with a discussion of the limitations inherent in the methods used in the study.

3.2 RESEARCH DESIGN

Research design is the program that guides the researcher in the process of collecting, analyzing and interpreting data and information (Osuagwu, 2002). According to Asika (1991) it is the structuring of investigation aimed at identifying variables and their relationships with one another. It is used for the purpose of obtaining

data to enable the researcher to test hypotheses or answer research questions. There are three main categories of research design these are survey, experimental and ex-post facto design.

Survey research design was adopted for this study. This is because survey research design enables us to examine large and small populations (or universes) by selecting and studying samples chosen from the populations in order to discover the relative incidence, distribution and inter-relations of business, sociological, educational and psychological variables (Osuagwu, 2006). According to Kerlinger (1983) survey research focuses on people, the vital facts of people including the beliefs, opinions, actions, attitudes, motivations, and behaviours. Survey research design was adopted in this study because of its economical value and visibility in addressing the research problem in question. The study utilized descriptive survey research design using a questionnaire as an instrument which involves describing relationship between environmental factors and SMEs performance. However, a major characteristic of survey research design is lack of control. Asika (1991) in his view said that the researcher is interested in observing what is happening to sample subjects or variables without any attempt to manipulate or control them.

3.3 RESEARCH POPULATION

A population is made up of all conceivable elements, subjects, or observations relating to a particular phenomenon of interest to a researcher (Osuagwu, 2006). The study population includes staff from Small and Medium Scale Enterprises in Alaba International Market (Electronics) in Lagos State.

Therefore, the entirety of the population under study cannot be studied comprehensively. Emphasis was placed on selected shops in Alaba International Market (Electronics) who are dealing in different kinds of Electronics products (such as Generator and Machines; Television; Video and Musicals; Refrigerators; Communication; Radio and Transceiver; Computers; Household Appliances; CDs, VCDs among others). This necessitated the researcher to select a sample from the population. The reason being that through sampling which from it's a sample is derived endeavours the researcher to estimate as accurate as possible the population characteristics (Asika, 1991). However, of interest to the researcher are the characteristics of the population which include; Sex, Age, Educational Qualification, Job experience and Management level.

3.4 SAMPLING DESIGN AND PROCEDURE

This research was confronted with the problem of deciding on how many people to interview or study. A search of the literature shows that there is no easy answer to the question of determining what an adequate sample size should be. According to Adeleke (2003), a good researcher should start from the knowledge of the whole population in order to reach a decision on a desirable sample size.

This research study aimed at studying the entire small business owners in Ojo Local Government, Lagos State. In this research work, it was ensured that the sample selected through the uses non – probability sampling technique is representative of the population under study. The non – probability sample used was judgemental sampling method. The choice of the sample used was guided by what was considered as typical cases which are most likely to provide the necessary data or information about the

population. Also, the choice of this sampling method was informed by the fact that the population under study were geographically dispersed and cannot be reached due to time constraints. Questionnaires were administered to one hundred and fifty (150) respondents irrespective of their position and status in the organization to represent the whole population.

3.5 RESEARCH INSTRUMENTS

The research instruments are the device that is used for collecting data or measuring the variables which are used for answering research questions or testing study hypotheses (Asika, 2009). There are several data collection instruments available for use in a study of this nature. They include questionnaires, personal interviews, observations, telephone interviews, reports, radio waves and internet surveys. To make this study result oriented, the use of a questionnaire was adopted. The questionnaire is a major instrument for data gathering and it consists of a set of questions designed to gathered information which are used to answer research questions.

The questionnaire was chosen because it is cheaper in terms of cost per unit than other methods of collected data in a survey research. It is also enables the researcher to reach respondents who are otherwise inaccessible. It does not discloses the personal information of the respondents, which make the respondents to feel free to provide the right type of information or answer fully, all the questions in the questionnaire (Asika, 2009). In constructing the questionnaire, particular care was taken to ensure that questions in the questionnaire are related to the research questions of the research. The questionnaire designed for this study has two sections namely:

SECTION A: This deals with the major constructs in the research topic. It comprises questions that were designed to cover both the dependent and independent variables of the research topic. This section is divided into six (6) sub-sections covering the major aspects of the study (i.e. the effects of marketing environmental factors on the performance of Small and Medium Scale Enterprises). The respondents are to answer these by selecting one answer among the six options based on likert-type Scale measure i.e. Very high extent (6), High extent (5), Average extent (4), Low extent (3), Very low extent (2), No extent at all (1).

A six-scale type was used instead of five-scale type in order to avoid the problem of central tendency which is common with scales having uneven number of layers. Furthermore, the six-scale type ensures that all respondents take a decision either for or against in any questions asked. Hence, it was found most appropriate for this study.

SECTION B: This part of this questionnaire comprises of personal data of the respondents such as gender, educational level, age, marital status, working experience and their positions. The relevance of this is that it would assist the researcher and other users of the research report/outcome to ascertain the respondents' level of awareness, experience and exposure to knowledge that leads to better understanding of the problem under study.

3.6 METHODS OF DATA COLLECTION

There several methods of administering questionnaire. These are through the internet, the postal system hand-delivery, telephone and structured interviews. The administration of questionnaires needs to be appropriate to the type of questionnaire and the study in question.

The method used in this study is the hand-delivery method. Copies of the questionnaire were hand delivered to 150 respondents in Alaba International Market (Electronics) in Ojo local Government Area of Lagos State. Copies of the questionnaires were given out in the month of June, 2012 and were to be collected back in July, 2012. Some respondents returned the questionnaire same day, some a few weeks after and while some waited till the agreed time of collection.

Out of the one hundred and fifty (150) copies of the Questionnaire administered, one forty three (143) were returned and found useable. The remaining seven (7) copies of the questionnaire were either not returned or were found not useable. The effective % response rate of the administered research instrument was 95% as calculated below.

$$\text{Effective \% response rate} = \frac{\text{number collected and useable}}{\text{number distributed}} \times 100$$

Number collected and useable	143
Number Distributed	150
Percentage	100

$$\begin{aligned}\text{Effective \% response rate} &= \frac{143 \times 100}{150} \\ &= 95\%\end{aligned}$$

That means that a 95% useable response rate was obtained from the respondents.

3.7 METHODS OF DATA ANALYSIS

In analysing the data, both qualitative and quantitative methods of analysing data were used. The information gathered through the administered questionnaires was analyzed using the Predictive Analytics Software (PASW) package version 18.0. The Spearman's Rank Correlation Coefficient and the Kendall's Coefficient of

Concordance were used to test the research questions. Also the Z-test was used to test the research questions.

1. The PASW package was used to analyze both the subject matter (section A) and the bio-data (section B).
2. The Spearman's Rank Correlation Coefficient was used. This is a non-parametric measure of statistical dependence between two variables. It assesses how the relationship between two variables can be described using a monotonic function. If there are no repeated data values, a perfect Spearman Correlation of +1 or -1 occurs when each of the variables is a perfect monotone function of the other (Jerome & Well, 2003). The formula for the calculation is as given below:

$$r^s = \frac{1-6\sum d^2}{n(n-1)}$$

Where:

r^s	-	Spearman Rank
\sum	-	Summation
d	-	Differences
n	-	Total number of objects

3. *Kendall's Coefficient of Concordance*: It is a non-parametric statistic. It is a normalization of the statistic of the Friedman test, and can be used for assessing agreement among ratters. Kendall's W ranges from 0 (no agreement) to 1 (complete agreement) (Legendre, 2005). The formula for the calculation is as given below:

$$W = \frac{12s}{m^2 (n^3-n)}$$

Where;

W	-	Kendall's W
S	-	Sum of squared deviations
M	-	Variables
n	-	Total number of objects

4. Z test: It is a statistical test used to determine whether two population means are different when the variances are known and the sample size is large. The test statistic is assumed to have a normal distribution and nuisance parameters such as standard deviation should be known in order for an accurate Z test to be performed (Sprinthall, 2003). The formula for calculating this is as given below:

$$Z = \frac{m - \mu}{SE}$$

Where:

Z	-	Z test
M	-	Population mean
μ	-	Variance
SE	-	Standard error

3.8 VALIDITY AND RELIABILITY OF THE RESEARCH INSTRUMENT

Validity is defined as the degree at which a research instrument is measured what is designed to measure. However, Osuala (1996) identify at least four types of validity. These include predictive, concurrent, content, and construct validity. The questionnaire was also pilot tested to ten (10) respondents for validity and reliability. The purpose of the pilot test is to refine the questionnaire so that respondents will have no problems in answering the questions and there will be no problem in recording the data. In addition, it will enable the researcher to obtain some assessments of the questions' validity and the likely reliability of the data that will be collected (Saunders *et al*, 2007).

Reliability refers to the extent to which data collection techniques or analysis procedure will yield consistent findings (Easterby-Smith, Thorpe & Lowe, 2002). Mitchell (1996) outlines three common approaches to accessing reliability, in addition to comparing the data collected with other data from a variety of sources. They are: test/re-test reliability, internal consistency reliability and alternative form reliability. Reliability of the research instrument was established using the Cronbach's alpha. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. Cronbach's alpha is a coefficient of reliability (Allen & Yen, 2002). However, Osuagwu (2006) argue that a research instrument may be reliable without being valid but a research instrument cannot have valid test that is not reliable (i.e. no research measure can be valid without being reliable). According to Nunnaly and Bernstein (1994), a correlation coefficient of 0.7 is a sufficient test of reliability for social science and management research of this nature.

The expert opinion method was used to test the validity of the questionnaire. The questionnaire was constructed and adopted by the researcher with the help of my supervisor who is an expert in the field of marketing. He commented on the representativeness and sustainability of the questions, as well as allowing suggestions to be made on the structure of the questionnaire, the helped to establish content validity and enabled the researcher to make necessary amendments prior to pilot testing with a group as similar as possible to the final population in the sample (Saunders *et al*, 2007).

The statistical instrument used for this research work is the Predictive Analytics Software (PASW) package formally known as the SPSS package which was used to test the reliability of the research hypotheses in relation to research questions. Predictive analytics is a set of business intelligence (BI) technologies that uncovers relationships and patterns within the large volumes of data that can be used to predict behaviour and events. Unlike other BI technologies, predictive analytics is forward looking, using past events to anticipate the future. Predictive analytics can help companies optimize existing processes, better understanding of customer behaviour, identify unexpected opportunities and anticipate problems before they happen (Eckerson, 2007).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 INTRODUCTION

This chapter deals with presentation and analysis of data gathered through the questionnaire. Data collected were put in numerical form to be meaningful and they were summarized in tables and grouped into frequencies, while summary calculations were also made to make them useful in aiding tangible decision making. The questions were also analyzed using mean scores and standard deviation. Classification was done by arranging variables or information in groups or classes according to their resemblances and affinities giving expression to the unity of attributes that may subsist among a diversity of individuals. This enables the researcher to eliminate unnecessary details, bringing out clearly points of similarity and dissimilarity and to form mental pictures of objects and finally to enable him or her to make comparison and draw logical inferences.

4.2 ANALYSIS OF RESPONSE TO RESEARCH QUESTIONS

This section presents results of frequency distribution of dependent and independent variables. The questionnaire contains thirty-one questions for measuring impacts of environmental perception such as technological, economic, social, political and legal, management and resources on performance of SMEs in Nigeria.

Table 4.1: There is significant relationship between environmental factors and any other economic factors.

B1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low extent	2	1.3	1.3	1.3
Average extent	9	6.0	6.0	7.3
High extent	75	50.0	50.0	57.3
Very high extent	64	42.7	42.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.1 above, shows that **92.7%** of the respondents agreed that there is significant relationship between environmental factors and any other economic factors while **7.3%** disagreed. The data analysis revealed that the degree of association between environmental factors and other economic factors were very high.

Table 4.2: There is positive relationship between marketing environmental factors and organizational performance measures.

B2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low extent	4	2.7	2.7	2.7
Low extent	1	.7	.7	3.3

Average extent	26	17.3	17.3	20.7
High extent	41	27.3	27.3	48.0
Very high extent	78	52.0	52.0	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.2 shows that **80.1%** of the respondents respectively agreed that the relationship between marketing environmental factors and organizational performance measure are very high and high, while **3.4%** of the respondents were of opinion that it is low and **17.3%** are average. Hence, the data revealed that the relationship between marketing environmental factors and organizational performance measure are positive and high.

Table 4.3: The effective SMEs attach more importance to environmental factors than less effective SMEs.

B3

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	2	1.3	1.3	1.3
Very low extent	2	1.3	1.3	2.7
Low extent	5	3.3	3.3	6.0
Valid Average extent	53	35.3	35.3	41.3
High extent	50	33.3	33.3	74.7
Very high extent	38	25.3	25.3	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.3 indicates that the extent at which effective SMEs attach importance to environmental factors were very high (**25.3%**) and high (**33.3%**) in the sampled SMEs than less effective SMEs. While, 1.3% (N=1) and 1.3% (N=1) of the sample respectively said that it is very low. However, 35.3% said it is average. Thus, the extent at which effective SMEs attach importance to environmental factors is better than the less effective SMEs.

Table 4.4: Effective decisions are capable of mitigating the impact of environmental uncertainty of your company.

B4

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	4	2.7	2.7	2.7
Very low extent	2	1.3	1.3	4.0
Low extent	18	12.0	12.0	16.0
Valid Average extent	39	26.0	26.0	42.0
High extent	57	38.0	38.0	80.0
Very high extent	30	20.0	20.0	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.4 above shows that **20%** and **38%** of the respondents respectively very highly and highly agreed that effective decisions are capable of mitigating the impact of environmental uncertainty in their companies while 1.3% and 2.7% disagreed. 26% of

the respondents fairly agreed. Hence, data on table 4.4 shows that majority of the respondents believed that effective decisions are capable of mitigating the impact of environmental uncertainty.

Table 4.5: There is significant relationship between decisions made based on information about Technological factors and market share of your company.

B5

	Frequency	Percent	Valid Percent	Cumulative Percent
Low extent	9	6.0	6.0	6.0
Average extent	34	22.7	22.7	28.7
Valid High extent	66	44.0	44.0	72.7
Very high extent	41	27.3	27.3	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.5 shows tha, 27.3% and 44% of the respondents respectively opined that the relationship between decisions made based on information about technological factors and market share are in their company is very high, while 6.0% of the respondents opined that the relationship is very low. However, 22.7% opined that the the relationship made based on information about technological factors and market share is average. Hence, there is significant relationship between decisions made based on information about technological factors and market share are in their company.

Table 4.6: There is significant relationship between decisions made based on information about Socio-cultural factors and market share of your company

B6

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low extent	5	3.3	3.3	3.3
Low extent	6	4.0	4.0	7.3
Average extent	45	30.0	30.0	37.3
High extent	62	41.3	41.3	78.7
Very high extent	32	21.3	21.3	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.10 revealed that 21.3% and 41.3% of the sampled respondents respectively affirmed that there is significant relationship between decisions made based on information about socio-cultural factors and market share in their organizations; while 3.3% of the respondents said it is not so. 30.0% of respondents opined that there is an average relationship between decisions made based on information about socio-cultural factors and market share in their organizations.

Table 4.7: There is significant relationship between decisions made based on information about Economic factors and market share of your company.

B7

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low extent	9	6.0	6.0	6.0
Average extent	20	13.3	13.3	19.3
High extent	67	44.7	44.7	64.0
Very high extent	54	36.0	36.0	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.7 shows respondents' opinion on relationship between decisions made based on information about economic factors and market share. From the various analyses, it was revealed that 36% and 44.7% totalling 80.7% of the respondents believed that there is significant relationship between decisions made based on information about economic factors and market share, while 6% disagreed and 13.3% averagely agreed.

Table 4.8: There is significant relationship between decisions made based on information about Political factors and market share of your company

B8

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No extent at all	2	1.3	1.3	1.3

Very low extent	5	3.3	3.3	4.7
Low extent	15	10.0	10.0	14.7
Average extent	39	26.0	26.0	40.7
High extent	42	28.0	28.0	68.7
Very high extent	47	31.3	31.3	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.8 reveals that 31.3% and 28.0% totalling 59.3% of the respondents agreed that there is significant relationship between decisions made based on information about economic factors and market share, while 13.3% did not agreed and 26% averagely agreed. Hence, majority of the respondents agreed that there is a significant relationship between decisions made based on information about political factors and market share.

Table 4.9: There is significant relationship between decisions made based on information about Customers' and market share of Nigerian SMEs.

B9

	Frequency	Percent	Valid Percent	Cumulative Percent
Very low extent	2	1.3	1.3	1.3
Low extent	3	2.0	2.0	3.3
Valid Average extent	10	6.7	6.7	10.0
High extent	54	36.0	36.0	46.0
Very high extent	81	54.0	54.0	100.0

Total	150	100.0	100.0
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Source: Field survey, 2024

Table 4.9 reveals that 54% and 36% totalling 90% (very high and high respectively) of the respondent believed that there is significant relationship between decisions made based on information about customers's and market share of Nigerian SMEs, while 1.3% and 2.0% (representing very low and low respectively) did not believe so.

Table 4.10: There is significant relationship between decisions made based on information about Competitive factors and market share of Nigerian SMEs.

B10

	Frequency	Percent	Valid Percent	Cumulative Percent
Average extent	34	22.7	22.7	22.7
High extent	50	33.3	33.3	56.0
Very high extent	66	44.0	44.0	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

As to whether there is significant relationship between decisions made based on information about competitive factors and market share of Nigerian SMEs, 73.3% of the respondents responded in the affirmative, while 22.7% responded averagely.

Table 4.11: Market turbulence affect marketing practices of SMEs**B11**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low extent	4	2.7	2.7	2.7
Low extent	5	3.3	3.3	6.0
Average extent	29	19.3	19.3	25.3
High extent	45	30.0	30.0	55.3
Very high extent	67	44.7	44.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

In order to determine whether market turbulence affect marketing practices of SMEs, Table 4.11 indicates 74.7% of the respondents agreed to a very high extent, that the market turbulence affect marketing practices of SMEs, while 6.0% said market turbulence do not affect marketing practices of SMEs at all.

Table 4.12: The bargaining power of buyers to negotiate lower prices affects SMEs pricing related issues.

B12

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No extent at all	4	2.7	2.7	2.7
Very low extent	10	6.7	6.7	9.3

Low extent	6	4.0	4.0	13.3
Average extent	42	28.0	28.0	41.3
High extent	51	34.0	34.0	75.3
Very high extent	37	24.7	24.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.12 shows the responses with respect to whether bargaining power of buyers to negotiate lower prices affects SMEs pricing related issues revealed that only 10.7% of the respondents disagreed, while majority of the respondents (58.7%) (very high and high respectively) believed to a very high extent that bargaining power of buyers to negotiate lower prices affects SMEs pricing related issues.

Table 4.13: Buyer power affects your level of product quality.

B13

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	1	.7	.7	.7
Very low extent	9	6.0	6.0	6.7
Low extent	4	2.7	2.7	9.3
Valid Average extent	31	20.7	20.7	30.0
High extent	50	33.3	33.3	63.3
Very high extent	55	36.7	36.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.13 shows opinions of respondents on whether buyer power affects level of product quality among Nigerian SMEs. The analysis revealed that buyer power affects level of product quality among Nigerian SMEs. From the table over 70% of the respondent strongly agreed, while less than 8.7% (representing very and low added together) disagreed and 20.7% of the respondents were averagely accepted.

Table 4.14: The possibility of new entrants in the business affects your marketing practices

B14

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	7	4.7	4.7	4.7
Very low extent	2	1.3	1.3	6.0
Low extent	18	12.0	12.0	18.0
Valid Average extent	32	21.3	21.3	39.3
High extent	59	39.3	39.3	78.7
Very high extent	32	21.3	21.3	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

The analysis in the table 4.14 revealed that the entry of new enterprises have affected the marketing practices of Nigerian SMEs. 60.6% of the respondents strongly attest to this, while 13.3% do not agreed and 4.7% were undecided. Hence, majority of the respondent confirmed that the entrants of new enterprises have affected the marketing practices of Nigerian SMEs.

Table 4.15: The threat of new comers affect the degree of importance you attach to promotional activities (e.g. Advertising, sales promotion, personal selling, direct marketing).

B15

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	4	2.7	2.7	2.7
Very low extent	14	9.3	9.3	12.0
Low extent	4	2.7	2.7	14.7
Valid Average extent	28	18.7	18.7	33.3
High extent	38	25.3	25.3	58.7
Very high extent	62	41.3	41.3	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

As to whether the threats of new comers affect the degree of importance attached to promotional activities by SMEs, most of the respondents 66.6% (very high and high respectively) believed so, while 12.0% did not believe and 2.7% of the respondents were undecided.

Table 4.16: Intensity of competition affects your level of technical product quality**B16**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low extent	6	4.0	4.0	4.0
Low extent	13	8.7	8.7	12.7
Average extent	45	30.0	30.0	42.7
High extent	50	33.3	33.3	76.0
Very high extent	36	24.0	24.0	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

The analysis as to whether intensity of competition affects technical product quality revealed that competition have significant influence on product quality of Small and Medium Scale Enterprises (SMEs). About 57.3% (very high and high added together) of the respondents agreed to a very high extent while 12.7% (very low and low added together) disagreed and 30% averagely agreed.

Table 4.17: Environmental uncertainty affects your business operation.**B17**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low extent	4	2.7	2.7	2.7
Average extent	23	15.3	15.3	18.0

High extent	42	28.0	28.0	46.0
Very high extent	81	54.0	54.0	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

It is clear from table 4.17 above that environmental uncertainty affects SMEs operations, 82.0% (very high and high added together) of the respondents answered in affirmative while 18% (very low and low added together) disagreed and 15.3% averagely agreed.

Table 4.18: Political instability affects your company in its line of business.

B18

	Frequency	Percent	Valid Percent	Cumulative Percent
Very low extent	6	4.0	4.0	4.0
Low extent	16	10.7	10.7	14.7
Average extent	28	18.7	18.7	33.3
High extent	39	26.0	26.0	59.3
Very high extent	61	40.7	40.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.18 revealed that the performance of SMEs is severally affected by political instability in the country. 66.7% (very high and high added together) of the respondents agreed, while 14.7% (very low and low respectively) disagreed. 18.7% of the respondents averagely agreed.

Table 4.19: The socio-cultural factors strengthen the performance of your company.

B19

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	2	1.3	1.3	1.3
Very low extent	8	5.3	5.3	6.7
Low extent	10	6.7	6.7	13.3
Valid Average extent	37	24.7	24.7	38.0
High extent	56	37.3	37.3	75.3
Very high extent	37	24.7	24.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Concerning the influence of socio-cultural factors on performance of SMEs, most of the respondents 62% (very high and high respectively) affirmed that socio-cultural factors strengthen the performance of SMEs in Nigeria, while 12% (very low and low respectively) disagreed and 1.3% were neutral. 24.7% of the respondents averagely agreed.

Table 4.20: The socio-cultural factors weaken the performance of your company.

B20

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No extent at all	16	10.7	10.7	10.7

Very low extent	11	7.3	7.3	18.0
Low extent	23	15.3	15.3	33.3
Average extent	43	28.7	28.7	62.0
High extent	47	31.3	31.3	93.3
Very high extent	10	6.7	6.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.20 shows opinions of owners and personnel of surveyed SMEs about influence of socio-cultural factors on the performance of SMEs. The table indicates that socio-cultural factors weaken the performance of SMEs in Nigeria. This is because performance of SMEs in terms of size, number of SMEs in operations and contribution to GDP are low across organizations. Most of the respondents 38% attest to this, while 28.7% averagely agreed.

Table 21: Your company has competitive advantage over its competitors because of important attach to the marketing environmental factors.

B21

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low extent	8	5.3	5.3	5.3
Low extent	8	5.3	5.3	10.7
Average extent	27	18.0	18.0	28.7
High extent	37	24.7	24.7	53.3

Very high extent	70	46.7	46.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.21 shows opinions of owners and personnel of surveyed SMEs about on whether their company have competitive advantage over its competitors due to importance attached to the marketing environmental factors. The table indicates that the companies have high competitive advantage above competitors. This is because of the importance placed by the firms on marketing environmental factors. Most of the respondents 71.4% attest to this, while 18% averagely agreed.

Table 22: The high rate of lending has negatively affected the development of small business enterprises.

B22

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	17	11.3	11.3	11.3
Very low extent	4	2.7	2.7	14.0
Low extent	14	9.3	9.3	23.3
Valid Average extent	24	16.0	16.0	39.3
High extent	39	26.0	26.0	65.3
Very high extent	52	34.7	34.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.22 reveals the opinions of respondents on the effects of high rate of lending on the development of small business enterprises in Lagos. Responses as reflected by the table indicate that high rate of lending negatively affected the development and spread of small business enterprises in Lagos State. 60.1% (very high and high extent combined together) of the respondents strongly agreed that high rate of lending negatively affected the development and spread of small business enterprises in Lagos State

Table 23: The internet has impacted positively on the performance of small business enterprises

B23

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	2	1.3	1.3	1.3
Very low extent	2	1.3	1.3	2.7
Low extent	9	6.0	6.0	8.7
Valid Average extent	14	9.3	9.3	18.0
High extent	47	31.3	31.3	49.3
Very high extent	76	50.7	50.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.23 shows opinions of SMEs on impact of internet on the performance of small business enterprises. The analysis on Table 23 indicates that internet has a positive impact on the performance of small business enterprises. Most of the respondents 82%

(very high and high extent combined together) affirmed the statement while some respondents did not agree.

Table 24: The poor transportation system in Nigeria has impacted negatively on the performance of small business enterprises.

B24

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low extent	2	1.3	1.3	1.3
Low extent	4	2.7	2.7	4.0
Average extent	19	12.7	12.7	16.7
High extent	46	30.7	30.7	47.3
Very high extent	79	52.7	52.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 24 revealed poor transportation system in Nigeria has impacted negatively on the performance of small business enterprises. The majority of respondents representing 82.7% (Very high extent and high extent added together) agreed with the conclusion while few respondents disagreed.

Table 25: The standard organization of Nigeria (SON) has aided the development of your company.

B25

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	5	3.3	3.3	3.3
Very low extent	4	2.7	2.7	6.0
Low extent	15	10.0	10.0	16.0
Valid Average extent	59	39.3	39.3	55.3
High extent	33	22.0	22.0	77.3
Very high extent	34	22.7	22.7	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

The analysis in Table 4.25 shows that Sstandard Oorganization of Nigeria (SON) had aided the development most of surveyed companies. 44.7% of the respondents (very high and high extent combined together) confirm this, while 12.7% (very low and low extent combined together) did not.

Table 26: Thorough understanding of the marketing environmental factors (e.g. technological, economic, political, and socio-cultural factors) assist SMEs to be more innovative, employ new processes and achieve international growth.

B26

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	2	1.3	1.3	1.3
Low extent	2	1.3	1.3	2.7
Average extent	13	8.7	8.7	11.3
High extent	32	21.3	21.3	32.7
Very high extent	101	67.3	67.3	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.26 shows opinions of respondents as to whether thorough understanding of the marketing environmental factors (e.g. technological, economic, political, and socio-cultural factors) assist SMEs to be more innovative, employ new processes and achieve international growth. From Table 4.26, majority of the respondents 88.6% (very high and high extent combined together) agreed that indepth understanding of the marketing environmental factors such as technological economic, political, and socio-cultural factors assist SMEs to be more innovative, employ new processes and achieve international growth. Only 8.7% of the averagely agreed.

Table 27: Environmental analysis is critical to the survival of your company

B27

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low extent	6	4.0	4.0	4.0
	Low extent	12	8.0	8.0	12.0
	Average extent	19	12.7	12.7	24.7
	High extent	49	32.7	32.7	57.3
	Very high extent	64	42.7	42.7	100.0
	Total	150	100.0	100.0	

Source: Field survey, 2024

On whether environmental analysis is critical to the survival of the surveyed companies, 75.4% (very high and high extent combined together) of the respondents believed so while 12% (very low and low extent combined together) of the respondents did not believe.

Table 28: Environmental analysis is the internal communication of external information on the issues that have effect in the market position of your company

B28

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low extent	6	4.0	4.1	4.1

	Average extent	21	14.0	14.2	18.2
	High extent	69	46.0	46.6	64.9
	Very high extent	52	34.7	35.1	100.0
	Total	148	98.7	100.0	
Missing	System	2	1.3		
Total		150	100.0		

Source: Field survey, 2024

The analysis in Table 4.28 shows that 80.7% (very high and high extent combined together) of the respondents believed that environmental analysis is the internal communication of external information on the issues that have effect in the market position of organization while 14% of averagely agreed and 4% fairly agreed. This implies that environmental analysis is the internal communication of external information on the issues that have effect in the market position of organization.

Table 29: Environmental scanning enables SMEs to create strategic fit.

B29

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	1	.7	.7	.7
Very low extent	2	1.3	1.3	2.0
Valid Average extent	17	11.3	11.3	13.3
High extent	43	28.7	28.7	42.0
Very high extent	87	58.0	58.0	100.0

Total	150	100.0	100.0
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Source: Field survey, 2024

Table 4.29, reveals that environmental scanning enables SMEs to create strategic fit. Majority of the respondents 86.7% (very high and high extent combined together) affirmed this in their companies.

Table 30: Environmental scanning allows your company to achieve higher sales growth

B30

	Frequency	Percent	Valid Percent	Cumulative Percent
No extent at all	2	1.3	1.3	1.3
Very low extent	4	2.7	2.7	4.0
Low extent	3	2.0	2.0	6.0
Valid Average extent	20	13.3	13.3	19.3
High extent	43	28.7	28.7	48.0
Very high extent	78	52.0	52.0	100.0
Total	150	100.0	100.0	

Source: Field survey, 2024

Table 4.30 indicates that Environmental scanning in the participating companies enhance greater sales growth. 80.7% of the respondents (very high and high extent combined together) strongly confirm this while few respondents disagreed 4.0% (very low and low extent combined together). 13.3% of the respondents averagely agreed.

Table 31: Your company examines, often the probable effect of environmental changes on its customers/clients

B31

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low extent	1	.7	.7	.7
Low extent	7	4.7	4.8	5.4
Average extent	37	24.7	25.2	30.6
High extent	74	49.3	50.3	81.0
Very high extent	28	18.7	19.0	100.0
Total	147	98.0	100.0	
Missing System	3	2.0		
Total	150	100.0		

Source: Field survey, 2024

Table 31 shows opinions of respondents on probable effect of environmental changes on customers/clients. According to Table 4.17 majority of the respondents 68% agreed (Very high extent and High extent added together) that SMEs regularly examines effect of environmental changes on its customers/clients.

4.3 DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

This section focuses on socio-demographic characteristics of the respondents. It is divided into age, marital status, sex, educational qualification of respondents and job experience. These are arranged in Tables 4.33 to 4.37 below.

Table 4.33: Age Distribution of Respondents**AGE**

	Frequency	Code	Percent	Valid Percent	Cumulative Percent
21-30 Years	26	1	17.3	17.3	17.3
31-40 Years	82	2	54.7	54.7	72.0
41-50 Years	12	3	8.0	8.0	80.0
51-60 Years	12	4	8.0	8.0	88.0
61-70 Years	18	5	12.0	12.0	100.0
Total	150		100.0	100.0	

Source: Field survey, 2024

Table 4.33 above was design to capture the statistics of age of respondents. The table shows that twenty-six (26) respondents representing 17.3% of the sample size were of the age group 21-30 years, 82 respondents representing 54.7% of the sample size were of the age group 31-40 years, twelve (12) respondents representing 8% of the sample size were of the age group 41-50 years, another twelve (12) respondents representing 8% of the sample size were of the age group 51-60 years while age group 61-70 years accounted for 12% of the sample size. Thus, majority of the respondents were of the age group 31-40 years.

Table 4.34: Marital Status of Respondents**MARITAL STATUS**

	Frequency	Code	Percent	Valid Percent	Cumulative Percent
Single	48	1	32.0	32.0	32.0
Married	84	2	56.0	56.0	88.0
Separated	18	3	12.0	12.0	100.0
Total	150		100.0	100.0	

Source: Field survey, 2024

Table 4.33 above shows that forty-eight (48) respondents representing 32% of the sample size were singles, eighty-four (84) respondents representing 56% of the sample size were married while respondents who were separated accounted for 12% of the sample size. Thus, majority of the respondents were married.

Table 4.35: Sex Distribution of Respondents**SEX**

	Frequency	Code	Percent	Valid Percent	Cumulative Percent
Male	109	1	72.7	72.7	72.7
Female	41	2	27.3	27.3	100.0
Total	150		100.0	100.0	

Source: Field survey, 2024

Table 4.35. The analysis of sex of the respondent is presented on table 4.35 above shows that one hundred and nine (109) respondents representing 72.7% of the sample size were males while forty-one (41) respondents representing 27.3% of the sample size were females. Thus, majority of the respondents were males.

Table 4.36: Educational Qualification of Respondents

EDUCATIONAL BACKGROUND

	Frequency	Code	Percent	Valid Percent	Cumulative Percent
SSCE	23	1	15.3	15.3	15.3
OND/NCE	72	2	48.0	48.0	63.3
HND/BSC	35	3	23.3	23.3	86.7
MSC/MBA	10	4	6.7	6.7	93.3
PhD	4	5	2.7	2.7	96.0
OTHERS	6	5	4.0	4.0	100.0
Total	150		100.0	100.0	

Source: Field survey, 2024

Table 4.36 above shows that twenty-three (23) respondents representing 15.3% of the sample size were secondary school leavers, seventy-two (72) respondents representing 48% of the sample size were OND/NCE holders, thirty-five (35) respondents representing 23.3% of the sample size were HND/B.Sc holders, ten (10) respondents representing 6.7% of the sample size were MBA/M.Sc holders while another four (4) respondents representing 2.7% of the sample size were PhD holders and six (6)

respondents representing 4% of the sample size were other certificate holders. Thus, majority of the respondents were OND/NCE holders.

Table 4.37: Job Experience of Respondents

WORKING EXPERIENCE

	Frequency	Code	Percent	Valid Percent	Cumulative Percent
1-5 Years	36	1	24.0	24.0	24.0
6-15 Years	66	2	44.0	44.0	68.0
16-30 Years	31	3	20.7	20.7	88.7
31-35 Years	17	4	11.3	11.3	100.0
Total	150		100.0	100.0	

Source: Field survey, 2024

Table 4.37 above shows that thirty-six (36) respondents representing 24% of the sample size have been in the business for a period of 1-5 years, sixty-six (66) respondents representing 44% of the sample size have been in the business for a period of 6-15 years, thirty-one (31) respondents representing 20.7% of the sample size have been in the business for a period of 16-30 years, while seventeen (17) respondents representing 11.3% of the sample size has been in the business for a period of 31-35 years. Data on Table 4.36 shows that majority of the respondents have been in the business for a period of 6-15 years.

4.4 CORRELATION ANALYSIS OF VARIABLES USED

In order to determine the possible degree of relationship between marketing environmental factors and organizational performance measures, spearman rank correlation coefficient was carried out. Table 4.32 presents the results of spearman rank correlation coefficient.

Table 4.32: Spearman Rank Correlation Co-efficient of marketing environmental factors and organizational performance measures

Correlations

		B2	B6
Spearman's rho	Correlation	1.000	.807
	Coefficient		
	B2		
	Sig. (2-tailed)	.	.001
	N	150	150
	Correlation	.807	1.000
	Coefficient		
	B6		
	Sig. (2-tailed)	.001	.
	N	150	150

Source: Author's Calculation

The result of Spearman Rank Correlation Co-efficient in Table 4.32 shows that there is a significant positive correlation marketing environmental factors and organizational performance measures ($r=0.807$, $p<0.001$). The result revealed that the entire marketing environmental factors positively influenced movement in organizational performance measured in terms of sales, innovation, profitability, and

market share, which is consistent with the findings of Adegbile (2007) which find a significant relationship between environmental factors and levels of importance and emphasis placed on percentage of turnover devoted to marketing, average market share and the annual growth rate among Nigerian Construction firms for the years 1997-2001 in Nigeria.

4.5 DISCUSSION OF RESULTS

The issue of dealing with the environment has a tremendous impact on the goal of the business which, for the most part is profit and creation of employment. It also has impact on structure which is the organizational set – up and, of course, the human relationship within the establishment. The conclusion is in line with Osuagwu (2006) that SMEs (manufacturing or service oriented) are essentially open systems. Their successful operations, growth and survival are influenced by myriads of environmental factors most of which are outside the control of the organizations. He also posits that the Nigerian business environment in particular is full of complexities, fluidity, uncertainties and instability. Many factors (such as technological, economic, political, and socio-cultural factors) operate at cross purposes; many decisions are made which lack factual basis, and that governmental and macro–economic policies which are made reversed instantly. The result revealed that environmental uncertaintyies such as poor transportation system, political instability, high rate of lending and lack of adequate technology negatively affects business operations of SMEs. This was because 82% of the sampled respondents agreed (very high extent and high extent added together) while 15.35 averagely agreed. Therefore, eenvironmental uncertaintyies retard business success and general development of SMEs in Nigeria. Richman (1964) cited in

Osuagwu (2006) had argued that managerial effectiveness is a function of external environmental variables. It is also acclaimed by Lawrence and Lorsch (1967) that environmental variables affect the subsystems of an organization. Therefore, if an SME is to achieve efficiency, effectiveness, and overall improved performance, each of its subsystems must respond appropriately to its relevant environments.

This study also confirmed that there is a positive relationship between marketing environmental factors and organizational performance measures (i.e. sales growth, strategic fit, innovation, new processes and international growth). The findings agreed with previous empirical and theoretical studies on marketing environmental factors and organizational performance. Achumba (1995), reports that the environmental factors provide the lifeblood for the SMEs by providing a market for its product and service and by serving as a source of resources. It also determines what is possible for the organization to achieve. For instance, the goal and political environmental factors regulate the activities of SMEs in order for it to maintain the acceptable ethical stand to be socially responsible. Kotler and Armstrong (2009), maintain that successful companies know the vital importance of constantly watching and adapting to the changing environment. Therefore, a marketing manager must be able to understand the mechanics, elements, dynamics and functioning of the Nigerian business environment for optimum marketing practice (Osuagwu, 2002). It was stated in the survey that critical understanding of the marketing environmental factors (e.g. technological, economic, political, and socio-cultural factors) assist SMEs to be more innovative, employ new processes and achieve international growth. This is because majority of the respondents 88.6% (very high and high extent combined together) agreed that indepth

understanding of the marketing environmental factors assist their organization to be more innovative, employ new processes and achieve international growth. This part of the results agree with the finding of Hanna (1998) that high performance organizations design their strategies keeping in view the external environment and business strategies of the organization. The finding can be linked to the present study because SMES can both be manufacturing or service organizations whose their successful operations, growth and survival are influenced by myriads of environmental factors most of which are outside the control of the organizations.

The results of the study revealed that effective SMEs attach more importance to environmental factors than less effective SMEs. This is because 20% and 38% of the respondents respectively very highly and highly agreed that effective decisions are capable of mitigating the impact of environmental uncertainty in their companies while 1.3% and 2.7% disagreed.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECONMMENDATIONS

5.1 INTRODUCTION

This is the concluding chapter of the study. It comprises the summary of findings, conclusions and recommendations. The summary or overview of the study highlights the important aspect of the study. The findings are drawn from the result of the data analyzed. Based on the findings, recommendations on how the success of periodic marketing environmental analysis of Small and Medium Enterprises could be undertaken to ensure higher sales growth, high market share, high returns on assets and high margins on profit. The chapter ends with the researcher's suggestions for further studies.

5.2 SUMMARY OF FINDINGS

The study found that the turbulent changes occurring in the Nigerian business environments have imposed economic pressure on the competitiveness of Nigerian SMEs and have weakened their market performance. To solve this problem, it is expected that SMEs put in place decisions that are effective. Effective decisions are those that are capable of mitigating the effect of environmental uncertainty. Similarly, it was confirmed that Nigerian SMEs must understand and anticipate the opportunities and threats the turbulent environment presents. The study also revealed that to have cutting – edge advantage in the marketplace, SMEs must become adept in customers relationship management and partners relationship management. It is important therefore to identify the ways in which changes in the environmental factors can directly or indirectly influence the business enterprises.

Similarly, it was found that, there is positive relationship between marketing environmental factors and organizational performance measures. This means that there is a favourable influence that marketing environmental factors has on the performance measures of Small and Medium Enterprises. It should also be noted that a clear understanding of marketing environmental factors by Small and Medium Enterprises would allow them to recognize and respond in a profitable manner to meet consumer needs and trends their major objective and basis of corporate survival.

Also, it was disclosed that effective SMEs attach more importance to environmental factors than less effective SMEs. This indicates that the extents at which effective SMEs attach importance to environmental factors were very high compared to less effective SMEs. Therefore, if an SME is to achieve efficiency, effectiveness, and overall improved performance, each of its subsystems must respond appropriately to its relevant environmental factors.

Furthermore, this shows opinions of respondents as to whether thorough understanding of the marketing environmental factors (e.g. technological, economic, political, and socio-cultural factors etc) assists SMEs to be more innovative, employ new processes and achieve international growth. The study revealed that indepth understanding of the marketing environmental factors assist SMEs to be more innovative, employ new processes and achieve international growth.

5.3 CONCLUSION

This study examined the moderating effect of marketing environmental factors on the performance of Small and Medium Enterprises in Alaba Internatinal Market in Lagos State of Nigeria. The results reveal that the environmental factor of Nigerian

SME have positive relationship on the performance of the organizations. It is worthy to note that Small and Medium Enterprises (SME) perception of marketing environmental factors has a positive relationship in the organizational performance measure, such as, higher sales growth, high market share, high returns on assets, high margins on profit, strategic fit, innovation, new processes and international growth. This means that the relationship indicates that the market performances of Nigerian SMEs appreciate as a result of engaging in analyzing these environmental factors. The higher the important attach to marketing environmental factors, the better the performance of organization, the higher the level of sales growth and market share, thereby resulting in create “strategic fit” with the environments in which they operate.

It has been demonstrated that the intensity of perceived marketing environmental factors of SME will have a positive effect on the performance of Small and Medium Enterprises. Therefore, one cannot overemphasize the numerous advantages and importance of Small and Medium Enterprises in an economy. However, to reap from these benefits, Small and Medium Enterprises management must be very effective in taking cognizance of these numerous environmental factors that influence the performance and activities of these small and medium enterprises. They must take proactive measures to adapt to these environmental changes. Since these factors are not within the control of SME, the best form of effective adaptability should be adopted.

5.4 RECOMMENDATIONS

Based on the foregoing of this research project, the following recommendations are, therefore, relevant and worthy of note by marketing in the effective planning of their business/marketing environment:

- i. In order to improve market performance, Nigerian SMEs should analyse the marketing environmental factors.
- ii. Nigerian SMEs must understand and anticipate the opportunities and threats the turbulent environment presents on their business so as to continue to be successful and meeting the needs and expectations of its customers and other interested parties, such as suppliers, employees, shareholders and the local society in which environment they are operating.
- iii. Firms should have clear understanding of marketing environmental factors. This would allow them to recognize and respond in a profitable manner to meet consumer needs and trends their major objective and basis of corporate survival.
- iv. Firms should attach more importance to environmental factors so as to achieve efficiency, effectiveness, and overall improved performance.
- v. Small and Medium Enterprises must be able and willing to have indepth understanding of the marketing environmental factors in order to be more innovative, employ new processes and achieve international growth.
- vi. To meet up with the contemporary global challenges, Small and Medium Enterprises should upgrade their knowledge in the usage of modern technology.
- vii. Proactive adaptation of environmental changes should be the hallmark of small and medium enterprises.

- viii. Government should create a relatively stable environment for the successful operations of small and medium enterprises.
- ix. Government should provide the necessary amenities like water supply, electricity, good road, transportation, information and communication technology and financial infrastructure to facilitate the movement of a product or service along its value chain.

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