

**EFFECTS OF EXTERNAL BUSINESS ENVIRONMENT ON PERFORMANCE OF  
SMALL AND MEDIUM ENTERPRISES IN OYO STATE**

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A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES,  
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ZARIA

MARCH, 2019

**DECLARATION**

I hereby declare that this dissertation titled Effects of External Business Environment on Performance of Small and Medium Enterprises in Oyo State was written by me under the supervision of Prof A.J.C Onu and Prof Shehu Hassan Usman in the Department of Business Management. The information derived from literature has been duly acknowledged in the text and a list of references provided. No section was previously presented for another degree in this institution or any other institution.

Jeremiah Ayodele OGUNDARE.....

**Name of Student**

**Signature**

**Date**



## **DEDICATION**

This dissertation is dedicated to my parents, Mr and Mrs Lawrence Ayodele Ogundare, for their unwavering support throughout my stay in Ahmadu Bello University, Zaria.

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opportunity to distribute my questionnaire. May God richly bless you all for making this work a success.

## **ABSTRACT**

The business environment is turbulent and laced with uncertainty which is continuously changing and is full of opportunities and challenges. However, studies that assess economic, socio-cultural and technology environment on performance of SMEs in Oyo State are insufficient. As a result, this study investigated the effect of external business environment (economic, socio-cultural and technology) on SMEs performance in Oyo State. Questionnaire was distributed using cluster sampling. 424 copies of the questionnaire were used for analysis with a population of 7,987 registered SMEs operating within the state. Partial Least Square - Structural Equation Model (PLS-SEM) path modelling was employed to process the data. Finding revealed that economic and socio-cultural environment have positive significant effect on performance of SMEs at 1 and 5 % significant level respectively, while technology environment have negative effect on SMEs performance at 10% significant level. The study concluded that external business environment has positive effect on performance of Small and Medium Enterprises (SMEs). The study therefore recommended that owners/managers of SMEs should have positive perception towards economic environment as customers today tend to have control of the economic environment in order to increase their performance. The study also recommended that owners/managers of SMEs should adapt to the cultural environment in which their business is set, thereby producing what the cultural environment wants. This can be done by carrying out feasibility studies to know what the environment really need. Finally, the study recommended that prompt knowledge of new technologies should be adapted by the owners/managers of SMEs as it will go a long way in enhancing the quality of goods and services.

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## **CHAPTER ONE INTRODUCTION**

### **1.1 Background to the Study**

The role of Small and Medium Enterprises (SMEs) in the national economy cannot be underestimated as they play important role in the global economy (Taiwo, Ayodeji & Yusuf, 2015). SMEs are key players in the economy and the wider eco-system of firms. Enabling them to adopt and thrive in a more open environment and participate more actively in the digital transformation for essential boosting of economic growth and delivering a more inclusive globalisation (Organisation for Economic Co-operation and Development, 2017).

However, in the developed economy particularly the OECD countries, SMEs are the predominant form of enterprise, accounting for approximately 99% of all firms. They provide the main source of employment, accounting for about 70% of jobs on average, and are major contributors to value creation, generating between 50% and 60% of value added on average (OECD, 2016). In emerging economies, SMEs contribute up to 45% of total employment and 33% of GDP. SMEs contribute more than half of employment and GDP in most countries irrespective of income levels when taking the contribution of businesses into account (International Finance Corporation 2010).

Furthermore, according to Ruchkina, Melnichuk, Frumina and Mentel, (2017), SMEs constitute an important part in economic development of any given country and contribute considerably to regional economic development by creating new jobs, providing investment opportunities and forming the economic capital and potential required for sustainable economic growth.

In developing economy such as Nigeria, SMEs are widely acknowledged as the key engine of economic development (Small and Medium Development Agency of Nigeria, 2013). Because of this realization, a central issue dominating policy debates around the world and Africa has been to induce economic growth through the growth of SMEs. Most people in developing countries must support themselves and their families (Ball, Geringer, Minor & McNett 2010).

Thus, understanding economic growth is essential to understand the economic challenges facing a country and how resources should be managed to maintain sustainable development at regional, national and international levels (Wiik, 2017). The contribution of the SMEs sector to the Nigerian economy is essential for the accomplishment of the broader development objectives such as poverty relief, spreading of employment opportunities and increasing indigenous ownership of resources in the economy (Chidoko, Makuyana, Matungamire & Bemani 2011). Furthermore, SMEs facilitates the growth and development of human and capital resources towards general economic development and the rural sector in particular (Chinweuba & Sunday, 2015).

Small and Medium Scale Enterprises (SMEs) contribute about half of Nigerian GDP and accounts for over 25 per cent of employment in the country (Small and Medium Development Agency of Nigeria, 2013). There are 17 million SMEs in Nigeria, employing 60 million persons and contributes about 48 per cent to the nation's Gross Domestic Product in nominal terms (Small and Medium Development Agency of Nigeria, 2013). This sector is responsible for most of the advances in new products and process and provides most of the employment opportunities, as a central indicator of the overall operation of an economic system (Enterprise Baseline Survey 2012).

There are various definitions as to what constitutes SMEs. Small and Medium Development Agency of Nigeria (SMEDAN) definition adopts a classification based on dual standards,

employment and assets (excluding land and buildings). Small Enterprises are those enterprises whose total assets (excluding land and building) are above Five Million Naira but not exceeding Fifty Million Naira with a total workforce of above ten, but not exceeding forty-nine employees. Medium Enterprises are those enterprises with total assets (excluding land and building) are above Fifty Million Naira, but not exceeding Five Hundred Million Naira with a total work force of between 50 and 199 employees. For this study, SMEDAN definition of SMEs was adopted. SMEs is regarded as enterprises whose total assets (excluding land and building) are above Five Million Naira, but not exceeding Five Hundred Million Naira, with a total work force of between 10 and 199 employees. However, SMEs play a significant role to the growth and development of a country.

Baloyi (2010) opined that despite the existence of SMEs, their performance has become a thing of concern as SMEs in the country still continue to weaken (not all SMEs are experiencing growth). Douglas, Micah and Tom (2014) opined that 90% of the business start-ups do not operate beyond the third anniversary due to lack of environmental factors. More so, there are other SMEs that have stagnated at the survivalist stage which may be due to poor performance (Bidzakin, 2009).

Performance is the ability of an organization to achieve objectives such as high profit, quality product; large market share, good financial outcomes and survival at pre-determined time using relevant strategy for action. Thus, performance can also be employed to consider how an organization is performing in terms of market share, volume of products, customer's demand, loyalty and investment. (Obiwuru, Okwu, Akpa and Nwankwere, 2011).

Business enterprise performance according to Oghojafor, Olamitunji, and Sulaimon (2011) is how a manager effectively and efficiently utilizes the organisation's resources so as to achieve the organisational goals and satisfy the stakeholders. However, Neringa and Justina

(2014) performance of enterprise as service quality that denotes the discrepancy among customer's anticipations and opinions about quality of services provided. Furthermore, enterprise performance means how the growth potential exhibited by the SMEs contributed substantially to job creation, thereby improving the economic status of the business enterprise as opine by (Adesanya, 2014).

Performance does not take place in a vacuum but, within certain environment which has challenges and opportunities (Walter, Clynes, Tang, Marmostein, Mellor, & Berger, 2008). Environmental forces create challenges and opportunities for the organization (Pearce & Robinson, 2007). Nevertheless, managers/owners must respond and adjust to alterations in their surroundings so as to be able to recognize the challenges and opportunity that lies ahead of them in their business environment in order to perform efficiently.

Business environment is marked by different dynamic features such as global competition, information technology, quality service revolution and corporate social responsibility which compel managers to rethink and reshape their approach to various operational responsibilities. Due to this paradigm switch, new firms are emerging that are more responsive to their external environment (Luthans, 2007). Furthermore, Ibidunni and Ogundele (2013) classified the nature of the business environment as stable, dynamic and unstable and this habitually assists a business enterprise in selecting suitable strategies. Pearce and Robinson (2011), an enterprise external environment was first recognized by open systems theorists who observed that organizations operate not as self-contained isolated units but in continuous and inevitable interaction with the large system surrounding them and within which they exist. The external environment is that system which consists of factors that affect business enterprises from outside such as economic, socio-cultural and technology

and these environmental factors are beyond the control of the enterprises (Alkali & Abu, 2012; Pearce & Robinson, 2011).

Economic environment according to Omobolanle (2009) refers to those economic factors, such as inflation rate, exchange rate, unemployment rate among others which have overbearing effect on the performance of small scale business. Omobolanle (2009) further observed that small scale businesses depend on the economic environment for all the needed inputs. Therefore, economic environment influences the operations of small scale businesses. In other words, economic environment consists of those economic factors that directly or indirectly affect the operations of small scale businesses in Nigeria. These economic factors help owners and managers to measure the strength and weakness of their business enterprises in order to perform adequately.

Wetherly and Otter (2011) described the socio-cultural environment as factor consisting of everything that is not incorporated within the economy or political system. According to Wetherly & Otter, socio-cultural context is fixed up of collection of activities, and the relationships people engage in their personal and private lives which include population features, age, ethnicity, religion, values, attitude, lifestyles and associates. These environmental patterns of behavior lead to the foundation of various cultural values in different societies, some of which determine the decision to create new business. Socio-cultural environment is important because, it determines the product, service and the level of conduct that the society is likely to get. It allows a cordial relationship between management, workers and their customers.

Technology forces refer to the rate of scientific change and fastest growth of technology that have potentially wide-ranging effects on society (Gamble 2014). According to McNamara and Watson (2005), technology can be defined as the aggregate of means such as knowledge,

methods, materials, and instruments used to achieve practical results in order for the enterprise to establish work methods, work pattern and information structures. Technological factor have rendered some SMEs not competitive and not able to meet the needs of customers. However, entrepreneurs in Small and Medium Enterprise need to recognize the nature of technology change, and the need to go with the flow to have competitive advantage in order to improve change or implement new technology process to meet customer want and needs.

According to Agbolade, 2014; Ridwan& Ina, 2015 have identified variables which are related to external business environment prominent among which include economic environment, socio-cultural environment, and technology environment. For SMEs to perform efficiently, an effective way of managing external environment components are present and functioning and these components operate together in an integrated manner. Most studies on business environment and SMEs performance have focused their attention on the developed or advanced countries, but only few have look at the developing countries (Olawaju & Elegunde 2012; Adeoye & Elegunde 2012 and Agbolade 2014).

Yet according to Gamble (2014), SMEs owners still find it difficult to know the right environment to operate even with the effort of the government to create an enabling environment for businesses in the country. Thus, this study set out to investigate factors that impact external business environment on how the SMEs will perform effectively.

## **1.2 Statement of the Problem**

Several of the existing literatures such as Samad (2007), Saleh and Ndubisi (2006), Teoh and Chong (2008) identified various problems facing SMEs in a globalized environment such as, difficulty in facing recession, low productivity, lack of managerial capabilities, lack of financing, environmental factors, difficulty in accessing management among others. These problems cause the small and medium enterprises not to perform effectively. Environmental downturn has been a constant challenge facing SMEs since the year 2007 (Harvie, 2004). The world economy experienced several unfavourable environments, which lead to low performance of SMEs. Most nations are currently showing a diminishing environmental growth and increasing cost of production, which results to collapse of these business firms (Harvie, 2004). However, SMEs suffers from a number of challenges leading to poor business operation. According to World Economic Forum (2017) survey, SMEs rank 127 out of 138 countries in Global Competitiveness Index and 169 out of 190 countries in doing Business Index (World Bank, 2017).The avoidance of a future crisis could, therefore, depend upon developing a favourable environment that will make these SMEs compete in both domestic and external markets (Harvie, 2004). However, due to the differences in economic condition, socio-cultural and technological advancement of the global economies, it may lead to differences in the findings. Therefore, there is need to look at the environmental factors that impact SMEs performance in developing countries such as Nigeria (Li & Liu, 2014).

Stagnated growth of SMEs in Nigeria as a developing country is an issue of great concern (Omolomo, Odunayo and Tobora, 2014). This is because its persistence may serve as a stumbling block to any effort by the government to eradicate poverty and unemployment because of its impact on income distribution and employment generation. However, agreeing with the report by Small and Medium Enterprise Development Agency of Nigeria SMEDAN

(2013), 95% of SMEs in Nigeria still operate as micro businesses and only around five per cent of start-up companies survive and develop to maturity SMEDAN (2008). Thus, Omolomo, Odunayo and Tobora (2014) indicated that irrespective of country, more than 50% of SMEs collapse within their first five years and about 25% go bankrupt or fold up in Nigeria due to poor management and unfavourable environment which result in poor performance and eventually total collapse.

One of the major issues that impacts SMEs in Nigeria may be tied to non-conducive business environment that enable SMEs flourish (MSME banking study sector report 2016). Small and Medium Scale Enterprises (SMEs) are key in delivering effective performance in most economies (OECD 2017) and Nigeria is no exception. In a developing economy like Nigeria, SMEs represents one of, if not the most important sector of the economy. It currently represents 96% of the businesses in Nigeria (Nextzon Business Service, 2017). According to a report by Stanbic IBTC Bank (2016) SMEs was identified to have failed overtime. It was also stated in the Stanbic IBTC Bank 2016 report, which for SMEs to survive in business, there should have knowledge of the external environment and how they can affect the performance of the business enterprises.

Furthermore, external business environment is categorised into economic factor, socio-cultural factor and technology factor among others. In Nigeria, SMEs have not performed commendably well as they have not adequately played the expected significant role in the economic growth of the nation (Taiwo & Falohun, 2016). In the economic environment most especially in recession period, there is inadequacy in the performance of the SMEs role in influencing apprentice training so as to speed up employment and growth (Osotimehin, Jegede, Akinlabi & Olajide, 2012). Also the socio cultural environment of businesses in the country is porous as there is high preference among consumers for imported goods and the

country engages in more importation than exportation (Mukhtar, Gambo, & Mukhtar, 2015). However, Adegoke (2013) assert that most SMEs in the country are face with the challenges of cultural factors such religious activities, insecurity among others as it makes business investment uninviting to investors. Furthermore, Okonkwo and Obidike (2016) posted that the condition of insecurity in Nigeria accelerates the cost of operating a business incurred either in the course of taking defence against business uncertainty and risks or through loss of goods and properties. These expenses may have a detrimental impact on business development as cause socio cultural aspect of SMEs not to perform adequately. However, according to Casey (2015) SMEs are face with critical technology problems that make businesses underperform. Most SMEs owners/managers actually avoid addressing their technology issue in their businesses due to lack of knowledge. Furthermore, owners/managers SMEs find it difficult to invest in new technology as they see it as a daunting and overwhelming task.

However, there are divergent views on which among the category of the factors influences performance of firm better. Some scholars (Nwekpa & Evans, 2015: Adeoye, 2015 and Okwu, Bakare & Obiwuru, 2013) are of the opinion that economic factor are in better position to impact on performance of SMEs. While others such as (Mai & Phuong, 2013 and Abdullahi, Ali, Ghali & Majid, 2015) considered technological factor as more efficient in determining performance of SMEs. Finally, socio-cultural factor as most influential in determining SMEs performance was supported by Felicia, Olusoji, Oluwakemi and Mofope, (2013); and Vincent and Ifeanyi, (2015). Consequently this provides a basis of combining the three categories in this study.

Further, studies have been conducted linking external business environment and firm performance in Nigeria. However, it is observed that these studies concentrated on either economic environment (Milly 2015; Babalola & Abel 2013 and Adeoye & Elegunde 2012) or

socio-cultural environment (Felicia et al 2013 and Vincent & Ifeanyi 2015) and some dwell to technology environment (Audrey 2016; Olatunji 2015; NjanjaOgutu & Pellisier 2012).

However, Akinruwa, Awolusi and Ibojo, (2013); Agbolade, (2014); Adeoye and Elegunde (2012) and Gloria, (2015) conducted a study in Ekiti, Ogun, Osun and Lagos state respectively, and reported that SMEs in the south western states of Nigeria, are mostly faced with the challenge of environmental factors which Oyo state is not an exception. Also Bayode and Adebola, (2012); Olatunji, (2015) and Olarewaju and Elegunde, (2012) conducted a study in Oyo state but focus their attention on large enterprises; they also found that large business enterprises are faced with unconducive business environment. Despite the contribution of the state government in assisting small and medium enterprises, by conducting trainings to all SMEs owners in the state, their performance continue to be a thing of concern as most SMEs in the state still underperform. These maybe due to business environment factors (Olatunji, 2015). Furthermore, according to Adeoye (2015), about 20% of SMEs in the state collapse, these maybe due to unfavourable business environment. This study therefore, considered three categories of external business environment (Economic, Sociocultural and Technology) as the independent variable measuring external business environment on performance of small and medium enterprises in Oyo state to fill the obvious gap of the study.

In this vein, despite the study conducted on external business environmental factor, there is need for further emphasis on undertaking continuous studies on external business environment and how it can lead to performance of SMEs which is the backbone objective of most business organizations. However, to the best of the researchers' knowledge, few studies have been conducted using economic, socio-cultural and technology as external business environmental factor on performance of SMEs in Oyo State. Therefore, this study seeks to contribute to the existing literature by empirically examining the effects of external business

environment (economic, socio-cultural and technology) on the performance of small and medium enterprises SMEs in Oyo State.

### **1.3 Research Questions**

In line with the above research problem stated, the following research questions were asked:

- i. Does economic environment have an effect on the performance of SMEs in Oyo State?
- ii. Does socio-cultural environment have an effect on the performance of SMEs in Oyo State?
- iii. Does technology environment have an effect on the performance of SMEs in Oyo State?

### **1.4 Objectives of the Study**

The main objective of the study is to examine the effect of external business environment on performance of SMEs in Oyo State. Specifically, the study was guided by the following objectives to:

- i. Determine the effect of economic environment on the performance of SMEs in Oyo State.
- ii. Examine the effect of socio-cultural environment on the performance of SMEs in Oyo State.
- iii. Determine the effect of technology environment on the performance of SMEs in Oyo State.

## **1.5 Hypotheses of the Study**

Based on the objectives, the following hypotheses were formulated in null form:

- H<sub>01</sub> Economic environment has no significant effect on the performance of SMEs in Oyo State.
- H<sub>02</sub> Socio-cultural environment has no significant effect on the performance of SMEs in Oyo State.
- H<sub>03</sub> Technology environment has no significant effect on the performance of SMEs in Oyo State.

## **1.6 Significance of the Study**

This study set out to confirm the contingency theory, by studying the best way on the environment factors that make SMEs perform effectively. This study thus theoretically enhances the body of knowledge by combining economic, socio-cultural and technology environment in the model. Furthermore, most previous related researches studied these environmental factors differently. In addition, studies that have considered these environmental factors have looked at the large enterprise. This study thus contributes to the body of knowledge by combining the environmental factors on performance of small and medium enterprises, as there is scarcity of related studies that have look at the combination of these three environmental factors on one model.

The study is of benefit to SMEs owners/managers operating in Oyo state, providing ways on how to survey the business environment appropriately thus ensuring that SMEs objectives are achieved. And also the study was significant to owners/managers of business enterprises in

the state to know which among the three environmental factors impact on business performance effectively.

Government also may benefit from this study to craft appropriate enabling environment and policies that promote the growth and stability of SMEs in Oyo state and help them safeguard their assets.

Furthermore, the study may enable future researchers, academicians and students to understand the impact and importance of these three external business environment (economic, socio-cultural and technology) on the performance of SMEs in Oyo state, adding to existing knowledge.

Government agencies, like Small and Medium Development Agency of Nigeria (SMEDAN), Youth Enterprise with Innovation in Nigeria (YOUWIN) and National Enterprise Development Program (NEDEP) employed findings to train SMEs owners/managers on how to handle their business environment through economic, socio-cultural and technology factors. It may also serve as a reference point for future researchers in the state.

### **1.7 Scope of the Study**

The scope of this study cover registered SMEs in Oyo State. Oyo State was chosen because of its large concentration of SMEs among the various states in Nigeria, and it was ranked as the 3rd largest concentration of SMEs after Lagos and Kano (SMEDAN, 2013). The study was limited to the owners/managers of registered SMEs in Oyo State. The study also involve a cross section of businesses in different industries such as manufacturing, wholesale and retail trade, accommodation and restaurant services, mining and quarrying, agriculture, transport and storage, and information and communication. These sectors were chosen because they are mostly affected by the business environment in the state.

## **1.8 Limitations of the Study**

The following were the limitations of this study. Firstly, it arises from its scope that is limited to SMEs operating in Oyo State. As a result, the findings of the study may not be generalised among all SMEs as a whole in Nigeria. Another limitation is that, the findings of this study cannot be generalized in a large extend or context among all SMEs sub-sector because the study did not look at the SMEs sector individually. As such, various studies need to look at the impact of the variables on performance of SMEs sub-sector such as building and construction, rental services, waste management and remediation, water supply, sewerage, among others.

The study was also limited to external environmental factors neglecting the internal environmental factors. This stood as another flaw of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

#### **2.1 Introduction**

This chapter presents a review on Small and Medium Enterprises in Nigeria, external business environment and components, performance and SMEs performance measures, external business environment and performance of SMEs, empirical studies and relevant theories that underpin this study.

#### **2.2 The Concept of SMEs**

Small scale businesses, Small scale industries and small scale entrepreneurship are used interchangeably to mean a Small and Medium Enterprise. Its deliberation was to refer to the operational definition. In Nigeria and worldwide, there seems to be no specific definition of small business. Different authors, scholars, and schools have different ideas as to the differences in capital outlay, number of employees, sales turnover, fixed capital investment, available plant and machinery, market share and the level of development, these features equally vary from one country to the other (Zhiri, 2017).

In Nigeria, for example, the Third National Development plan defined a small scale business as a manufacturing establishment employing less than ten people, or whose investment in machinery and equipment does not exceed six hundred thousand naira (Bowale & Ilesanmi, 2014). Similarly, Central Bank of Nigeria (CBN) in its credit guidelines, classified small scale business as these business with an annual income/asset of less half a million naira (N500,000) (Bowale & Ilesanmi, 2014). Also, the Federal Government Small Scale Industry Development Plan of 1980 defined a small scale business in Nigeria as any manufacturing process or service industry, with a capital not exceeding N150, 000 in manufacturing and equipment alone. In the same vein, the Small Scale Industries Association of Nigeria (1973)

also defined small scale business as those having investment (i.e. capital, land building and equipment of up to N60, 000 and employing not more than fifty persons. While, the Federal Ministry of Industries defined it as those enterprises that cost no more than N500, 000 including working capital to set up. In addition, the Centre for Management Development (CMD) definition of small industry in the policy proposal submitted to the federal government in 1982 defined small scale industry as, “a manufacturing processing, or servicing industry involved in a factory of production type of operation, employing up to 50 full-time workers” (Bowale & Ilesanmi, 2014). In the United States, the Small Business Administration (SBA) defines a small business as one that is independently owned and operated and is not dominant in its field, and meets employment or sales standard develop by the agency (White & Chacaltana, 2002).

Agu (2006) defined SMEs as a business which is owned, led by one or a few persons, with direct owner(s) influence in decision making, and having a relatively small share of the market and relatively low capital requirement. The earliest manifestations of SMEs in advanced countries were cottage industries that later transformed into industrial complexes and technological factories. SMEs today account for the bulk of output in most countries today. It is also a proven job creator; the share of SMEs in global productivity is over 30% higher in some countries, but generally growing.

According to SMEDAN/NBS (2013), SMEs is define as a classification based on dual criteria, employment and assets (excluding land and buildings)

- i. Small Enterprises are those enterprises whose total assets (excluding land and building) are above Five Million Naira but not exceeding Fifty Million Naira with a total workforce of above ten, but not exceeding forty-nine employees.

- ii. Medium Enterprises are those enterprises with total assets excluding land and building) are above Fifty Million Naira, but not exceeding Five Hundred Million Naira with a total work force of between 50 and 199 employees.

If there exists a conflict on classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (N7M) but employs 7 persons), the employment-based classification will take precedence and the enterprise be regarded as micro. This study adopted the definition of SMEs by SMEDAN (2013).

### **2.3 The Concept of Performance**

Bryman (1992) described performance as the result from a person's effort which is achieved by the presence of labour, ability and assignment perception, effort because of motivation, satisfaction, and organizational commitment that shows the amount of energy used by an individual in initiating a task. Iskandar, Ahmad and Martua (2014) also viewed performance as one of the elements that is assessable through the level of their productivity. This includes the quality, quantity, knowledge or creativity of individual towards the accomplished works that are in accordance with the responsibility during a specified period. In other words, the assessment systems must have some standard strictures that can also be seen from output, product quality, productivity, cost management, safety and health, employees' relationship and development (Armstrong 2009).

However, Obiwuru, Okwu, Akpa and Nwankwere (2011) argued that performance can be view on how an organization is faring in terms of level of loyalty, investment, profit, revenue, growth, expansion of the organization and satisfaction on the employees etc. (Luper & Kwanum, 2012) viewed that organizational performance can be measure in terms of level of output. Consequently, Wang (2010) viewed performance as product accomplishments, results and achievements in an organization. Williams and Andersons (1991) performance as

employee's achievement level in his/her responsibility and duties assigned in the workplace. Understanding determinant factors of SMEs performance are viewed an important area of focus in Enterprises (Rosli, 2011).

Therefore, a good measurement of organizational performance must be able to consider the goal of the owner designed to promote the business such as SMEs in the areas of some specific results as output and profitability (Marr & Schiuma, 2003). In the same view, organizational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality. Accordingly, it reflects output of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization (Abasilim, 2014).

Performance has been a central concern or issue of researchers and organizations. Thus, several organization studied in the literature have focused on the reason why some firms perform better than the others. However, scholars in this field have proposed several definitions. This means that performance is not without meaning. Although, previous study according to Amos, Sena, and Abeera (2004) pointed out that organization performance cannot be left in anticipation that will develop naturally, despite the employee's natural desire to perform and be rewarded for it. This desire needs to be accommodated, adapted, and nurtured. Meanwhile, researchers have different believes that most agreed that no single measure exists for organizational performance (Amos *et al.*, 2004).

Anastasia (2008) viewed that organizational performance construct can be measured by effectiveness, efficiency, satisfaction and innovation of the product. Apolot (2012) demanded organizational assessments of performance in sales growth, customer satisfaction and profitability were measure in their businesses. Meanwhile, influence on organizations performance can be obtained by giving a consideration and intellectual excitement for

individual and charisma which will be able to make changes to better direction, for example by giving training, counselling, sustaining the frequency of interaction in order to achieve a certain goal (Thamrin 2012). Therefore, Apolot (2012) and Anastasia (2008) were used to conceptualize organizational performance in this study based on the owner/manager's perceptions of the performance of the organization in terms of the extent to which its objectives have been achieved.

#### **2.4 SMEs Performance Measures**

SMEs performance is a measure of SMEs success in achieving its goals. Performance of SMEs is defined as an association's capacity to make activity and worthy results (Pfeffer & Salancik, 1978). Different scholars have different view of performance measurement of SMEs. Henezel (as cited in Shahbaz, Asifah, & Amina, 2014) explained that to measure performance, SMEs must establish some standards and then they must gauge and evaluate their strategies, values, practices by benchmarking with high performance. Also, Kravchuk and Schack (1996) asserted that performance is measured for evaluating how well SMEs is performing cited in (Shahbaz, *et al* 2014).

One performance measure that is widely used among small businesses, as a subjective indicator of the overall business performance is the degree of owner/managers' satisfaction with the business performance. Few researchers have consulted owner/managers about their views on success of their business ventures (Simpson, Nicki & Bellamy, 2004). Luk (1996) identified the success of small businesses as actual performance equal to or exceeding the business owner/managers' expectations.

The diverse range of measures that can be adopted to define success can lead to a false judgment on the actual performance. For example, a small business with declining profits or market share could be failing when in fact its owners/managers are satisfied with the overall

business performance. Adequate income, job satisfaction, a happy workforce, and a stable market position are all factors that lead to small business owners/managers' satisfaction. For this study, performance measurement indicators (dependent variables) of measuring SMEs performance in an enterprise is measured by increase in sales/sales growth, profitability, innovation, effectiveness and efficiency

#### **2.4.1 Increase in Sales**

According to Brush (2006) increase in sales is used to measure performance of a business. He stated emphatically that annual increase in sales of a business can be used as a yardstick to measure the performance of a business.

#### **2.4.2 Profitability**

Profitability is a very significant indicator for measuring the performance of SMEs. It is an important factor for an enterprise to survive in competitive environment. Profitability is a definitive goal for any business association and is the ability to make-benefit. Revenue and costs are used to calculate profitability. Income increase capital is the gross profit generated during the accounting period, because of the normal activities carried out by the enterprise. Expenses are outflows incurred through the normal activities carried out in an organization, resulting in reducing both fixed and current assets or increase liabilities and reducing capital (Shosha 2014).

#### **2.4.3 Innovation**

Thompson (1965) defines innovation as originator, receipt and implementation of new ideas, processes, products or services. The practical evidence for association between innovation and performance seems to be mixed. Some publications have argued about positive relationship between innovation and performance whiles other empirical studies have

contradicted this conclusion (Heimonen 2012). According to Ngugi (1983) entrepreneur with competitive innovation skills has a deep understanding of the SMEs which catapults their performance on the large extent. As indicated by (Dzisi et al., 2013) SMEs characterize the root of their advancements level of innovation capacities to inside components, for example, self-inspiration, learning, knowledge, specialized capability and outer elements like client pre-requisites and interest, data gave by suppliers of gear and materials, market open doors and rivalry.

#### **2.4.4 Effectiveness**

According to Walker and Ruekert (1987) effectiveness is defined as the success of business products and services compared with those of a company's competitors in the marketplace. Effectiveness is most closely associated with nonfinancial goals.

#### **2.4.5 Efficiency**

It is important for an enterprise owner/manager to know how efficient the business is moving, Walker and Ruekert (1987) efficiency is treated as an index (a set of outputs of business products and services divided by a set of inputs of resources employed in implementing them). It is highly associated with achieving profitability.

### **2.5 Concept of External Business Environment**

The external environment of an enterprise is defined as that which consists of such factors that affect its business from outside. These include economic dynamics, government policy, political atmosphere, social and cultural values and technology dynamics Alkali and Abu (2012); Pearce and Robinson (2007) and Beal (2000).

However, Ehlers and Lazenby (2011) point out that the external environment represents the variables in the environment that have a direct as well as an indirect influence on the performance of an organization. Barrios (2013) remark that lenders also consider economic conditions and the general climate, both within the industry and in other industries that could affect the business. There is no doubt that environment is an important factor in relation to firm's performance. Even in behavioural approach the personality, motivation, attitudes of the entrepreneur are dependent from environment (Gartner, 1985). The external environment constitutes various factors such as economic, political, technology, legal, and socio cultural. (Ehlers & Lazenby, 2011).

According to Alkali and Abu (2012) the external environment of a firm is also characterized by the nature of the prevailing economic system as defined by the operational state of the microeconomic and international economic forces like foreign exchange rates, inflationary pressures, on-going levels of global and domestic economic activity, and levels of taxation and purchasing power. Alkali and Abu (2012) added that economic systems tend to go through periods of faster and slower economic activities, high and low monetary and banking transactions, and varying degrees of volatility in respect of interest and exchange rates. Therefore, economic forces are key impact of enterprises performance either on the positive part or the negative part.

Many companies are now competing in a global market, not only in the domestic market. A change in technology and increased ability to acquire and process information requires that implementation and competing responses are more timely and effective. Rapid sociological changes that occur in many countries affects employment, in addition to the desired product properties consumers increasingly varied. Policies and laws that affect the government outlined the company's choice of where and how they will try and compete. Companies

should be alert and aware of the impact of the reality of this environment, so it can be an effective actor in the global economy. In organizations that compete strategically, the owner/manager of the company will look for patterns that can help them understand their external environment, and this may be different from what they expected. It is important for decision makers to understand the competitive position of the company and accurately.

Decision-makers in SMEs, in the case of the owners/ managers of SMEs should be aware that the knowledge of their corporate environment will help in improving the competitive position of the company, improve operating efficiency, as well as winning the battle in the global economy (Hoskisson & Hitt, 2011). Thomas, and David (2012) the external environment divides into two, namely the social environment (Societal environment), and the work environment (Task environment). Social environment include general powers that are not directly related to the short term activity of the organization but can affect the long-term decisions, these include: economic forces that govern the exchange of materials, money, energy, and information; The power of the technology, which resulted in the discovery of problem solving; The Power of Political Law, which allocates power and provide coercion and protection laws and rules; The power of Socio-cultural that set the values, traditions and customs of indigenous environment while work environment, includes the elements or groups that directly and in turn will be influenced by the company. The group consists of government, local communities, suppliers, competitors, customers, creditors, labour, special interest groups and trade associations.

Hoskisson and Hitt (2011), the external environment divides into three main components, namely, the general environment, industrial environment, and the competitive environment. General environment includes elements within the wider community that can affect an industry and the companies in it. These elements are grouped into seven segments

environment consisting of segments of demographic, economic, political / legal, socio-cultural, technology, global, and physical. Industrial environment is a group of factors which include the threat influx of newcomers, power of suppliers, power of buyers, threat of substitute products, and intensity of competition among competitors that affect a company and move as well as competing responses. Meanwhile, according to Pearce and Robinson (2011) external environment consists of a remote environment, industrial environment, and the operating environment. While Thomson, Strickland and Gamble (2010) dividing the external environment into two, namely the macro environment (macro environment), including economic conditions, population demographics, technology, social values and lifestyles, the regulations; environmental and industry/competitive (industry and competitive environment), including suppliers, customers, competitors, new entrants, substitute products.

But for small and medium industries (SMEs) in the opinion of Ojeda, Julieta and Simpson (2007) the external environment consists of the macro environment and micro environment, which both affect the performance of SMEs. Macro environment, in this case include the socio-cultural, political, technology, demographic, and economic factors while microenvironment are the factors involved directly with the company and affect the company, consisting of suppliers, customers, government institutions, and competitors.

Rufaidah (2013) explains that the external environment consists of macro and micro environment. Macro environment is often referred to as a remote environment, while the microenvironment called environmental task. Macro environment consists of factors that are difficult to control because it is beyond the reach of the company's management. It is often abbreviated with PEST (Political, Economics, Socio-cultural, and Technology). A component of micro environment consists of customers, competitors, suppliers (collaborators), and lenders (creditors). This study define external business environment as the environment that

affect business performance from the outside either positively or negatively, there are also the environment that are beyond the control of the business enterprises. Therefore, the study looks at economic, socio-cultural and technology factor as the external environmental factors which are the independent variables for the study.

### **2.5.1 Economic Environment**

Economic environment, according to Omobolanle (2009), refers to all those factors such as inflation rate, exchange rate, unemployment rate among others which have bearing on the performance of small scale business. Omobolanle (2009) further observed that small scale business depends on the economic environment for all the needed inputs. Therefore, economic environment influences the operations of small scale businesses. In other words, economic environment consists of those economic factors that directly or indirectly affect the operations of small scale businesses in Nigeria; it includes inflation rate, exchange rate, interest rate, employment etc.

Exchange rate is the rate at which the naira is converted to the US dollar. Therefore, it is expected to have positive or negative implication on economic stability in Nigeria depending on the nature or components of external borrowing. Exchange rate is of two dimensions, the domestic currency and foreign currency; it can also be quoted either directly or indirectly. When it is quoted directly, the price of a unit of foreign currency is expressed in terms of the domestic currency. On the other hand, the price of a unit of domestic currency is expressed in terms of the foreign currency (Vincent, Loraver & Wilson 2012).

Inflation rate according George (2005) is a sustained increase in the general price level of goods and services in an economy over a period. Consequently, inflation reflects a reduction in the purchasing power of individuals as well as small scale businesses per unit of money on the economy. More so, Asiedu (2002) observes that inflation rate is a tool for measuring the

stability of the economy. A country with a consistently lower inflation presents a suitable economy that favours the activities of small scale businesses in the country.

Interest rate according to Umeora (2013) is the proportion of a loan that is charged as interest to the borrower. However, it is expressed as an annual percentage of the loan outstanding. In addition, interest rate is also expressed as a percentage of principal, by a lender to a borrower for the use of assets.

Gross Domestic Product (GDP) refers to the market or money value of all goods and services produced in a country over a period. In other word, it is a general index of economic development (Emefiele, 2012) asserts that GDP growth rate measures the economic activities in Nigeria. Therefore, it measures all the goods and services produced domestically.

Government Tax Revenue is a measure of total tax revenue which is the income that is gained by government through taxation (Bhatia 2009) contends that government tax revenue is used to finance government expenditure and help to redistribute wealth which translates to financing of government development programmes.

Barbosa, Evaldo, Moraes and Cristiana (2004) ascertain that a depressed economic condition is a characteristic associated with the likelihood of a firm's failure to repay its debt. During economic expansions, even marginal firms have ready access to debt capital. However, in recessions or downturns, the established firms that have both a record of past success and relatively good performance obtain a large percentage of new debt. This suggests that SMEs may find it difficult to pay back debt in a depressed economic environment. Baum and Caglavan (2008) note that as banks need to acquire costly information on borrowers before extending loans to new or existing customers, uncertainty about economic conditions (and the likelihood of loan default) would have clear effects on their lending strategies. Higher uncertainty will hinder managers' ability to accurately predict returns from available lending

opportunities. When the macro-economic environment is tranquil, bank managers will be able to predict returns from each potential project more easily and channel funds towards projects with higher expected returns.

However, when the economic environment is in turmoil, bank managers' ability to predict returns accurately will be hindered resulting in more conservative lending behaviour across all banks. Schwienbacher, Armin, Larralde and Benjamin (2010) point out that small business finance is highly and disproportionately affected by macroeconomic conditions. Market forecasts, stock market health, overall economy health, and monetary policy all have effects on small business finance. Thus, this study define economic environment as the totality of economic factors, such as unemployment, income, inflation, interest rates, productivity, gross domestic product (GDP), and exchange rate that influence the activities of small and medium enterprises.

### **2.5.2 Socio-cultural Environment**

Wetherly and Otter (2011) described the socio-cultural environment as factor consisting of everything that is not contained within the economy or political system. According to Wetherly, socio-cultural setting is made up of collection of activities, and the relationships people engage in their personal and private lives which include population features, age, ethnicity, religion, values, attitude, lifestyles and associates. These environmentally relevant patterns of behaviour lead to the creation of different cultural values in different societies, some of which influence the decision to create new businesses. Therefore, culture, as distinct from political, social, technology or economic contexts, has relevance for economic behaviour and business performance (Shane 1993; Shapero & Sokol, 1982).

Culture is “the software of the mind; a collective mental programming of the people”. It is the combination of material and spiritual wealth designed by man through process of social

and historical growth (Hofstede, 1998). The total pattern of thinking, emotions and acting, that impact on the ordinary and menial things in life such as greeting, eating, decision in expressing or not expressing one's emotion, interacting with people, or general body cleanliness (Hofstede, 1991). The means, by which one makes meaning in life through interacting with the environment is culture (Cohen, 1993) the way of life of people, the summed total of their behaviours, attitude and material things which controls their actions in a deep and persisting ways which is beyond their control (Hall, 1976). In similar vein, culture is the individual distinctive way of identifying with the man-made aspect of the environment, the perception of rules, norms, roles, and values which is affected by different levels of culture which include language, gender, race, religion, place of residence, and occupation which as a way of impacting on interpersonal behaviour (Triandis, 1972).

Socially built reality is when individuals create a social framework for themselves and consequently develop it into an effective reality that shapes and influences their behavioral pattern (Berger & Luckman, 1991). Business environment has a significant degree of influence on the entrepreneurial intention of individuals. This makes the study of entrepreneurship vis a vis Business Environment necessary as it would lead to new discoveries (Arasti, Pasvishe & Motavaseli 2012). Studying entrepreneurship predictors from the perspective of personality traits alone will not suffice and as such it becomes paramount to explore the Socio-cultural business environment dimension (Azim, 2008; Zeffane, 2014).

Social system and culture of people are what mix-up to form the Socio-cultural Business Environment and consequently the entrepreneurs become moulded by it (Azim, 2008). All the man-made intangibles that directly or indirectly affect the people's behavior and total way of life are referred to as Socio-cultural business environment (Akpor-Robaro, 2012). The Socio-cultural business environment refers to the set of basic common values which

contribute to shaping the behavior of people in a society (Inglehart, 1997). Business entrepreneurial intention is undoubtedly a response to cues from the Socio-cultural Business Environment.

These factors play an influencing role in shaping the minds and consequently breeding entrepreneurs. Entrepreneurs are bred by the business environment and as such imbibe and practice what it has bred in them (Azim, 2008). Socio-cultural Business Environment is integral to industrial and economic well-being of entrepreneurship in general and entrepreneurs in specific terms. This insinuates that new ventures come into existence because of intermingling that takes place between environmental conditions and entrepreneurial tendencies of the people which is naturally precipitated by the Socio-cultural Business Environment (Shivani, Mukherjee & Sharan 2006).

People acquire their shared characteristics and pattern of behavior through socialization processes which involves factors like education, religion and family background. These dimensions happen to be the most prominent in describing the Socio-cultural business environment (Yeboah 2014). Therefore, this study adopt the definition of Akpor-Robaro, (2012) of socio-cultural environment which says socio-cultural environment refers to the man-made intangibles that directly or indirectly affect people's behavior and total way of life.

### **2.5.3 Technology Environment**

Technology forces refer to the rate of scientific change and fastest growth of technology that have potential wide-ranging effects on society (Gamble 2014). Small Scale Entrepreneurs find it difficult to gaining access to 2anew technologies which limits innovation and SMEs competitiveness (Kayanula & Quartey, 2000).

Technology factors have rendered some SMEs not competitive and not able to meet the needs of customers. However, entrepreneurs in Small and Medium Scale industry need to recognize the need for technology change, and the need to go with the flow, to have competitive advantage. Decisions to improve change or implement new technology processes must be made to meet customer wants and needs. Information Technology has been identified as a major player in innovation and competitiveness of SMEs but according to European Union (EU), a full potential of IT will be harnessed if labour force is equipped with right skills and having access to high-tech infrastructure. However, in the case of Nigeria, some SMEs lack physical telecommunication infrastructure and high speed internet to compete globally (Dzisi, John & Ofosu, 2014).

According to McNamara and Watson (2005) technology can be defined as the totality of means such as knowledge, methods, materials, and tools used to achieve practical outcome in other for the enterprise to establish work methods, work patterns, and information structures. It is the tools and the means, but not the primary goal or result to be pursued. Technology has the potential to improve speed, quality and efficiency. In the mainstream of modern culture, technology is one of the answers to most problems and/or restrictions in business. It is the way that a business can emerge from the past and enter a brighter or more efficient future. There are many and various technologies that could be addressed in terms of benefiting SMEs.

The challenge facing SMEs in developing countries, Nigeria included, is how to move from the relatively informal cottage industries to larger enterprises with stronger technology capacities and performance. Little funding has gone into identifying, documenting, follow-up and financial support for technology change and innovation in SMEs (Miho, 1994). There are serious shortcomings in technology management and there are no systems for promoting

good innovations and information exchange among SMEs and other stakeholders in the sector. One way of achieving this would be through inter-firm linkages.

Although larger enterprise size may seem desirable, the global trend in industrial structure is towards small-sized enterprises. SMEs are interested in solutions to their everyday business problems that will allow them to better succeed in their industry. The use of technology in some form is widespread. The problem for most businesses is that they have not fully integrated the technology that they have or are trying to obtain with their business (McNamara & Watson, 2005). They “tend to be tactical, not strategic, in their technology adaptation” (Harney, 2005). The competitive advantages that certain technologies bring to existence are very important, especially where there is a high aggressive industry. Small businesses look for new ways that will help them achieve these distinctions. Capitalizing on these technologies would help spur SMEs forward. Several technologies have been introduced that will help bring about a cost savings for small businesses.

Another area that technology is useful for is helping small businesses in keeping track of inventory and the general bookkeeping cited earlier as an important factor in success by Ibrahim and Goodwin (1986). Inventory control has long been a defining factor in determining the wellness of a business by being able to know exactly what is coming in and going out in order for the business to plan. Today, businesses can track exactly where their inventory is in real time. That ability helps them to identify key areas that could be improved or changed to limit time between processes or transactions (Berger 2005). These businesses do know that adapting new technologies will further benefit their current business model because most of their businesses are done within a small community and their customers rely fully on them for service and product guarantee. Some small business owners/ managers are reluctant to enter the technology scene because they are uncertain of the security and privacy

concerns that are almost certain to occur. For such business owners, the idea of e-commerce in any shape is too risky for their business.

The idea of Internet related business activities or electronic data is not a necessary thing but something to be avoided at all costs. Other issues relate to the lack of IT professionals, because technology industry seems to be so complicated, there are many companies who do not engage in new technologies due to lack of the expertise on their staff to handle the potential problems that might arise. Available technologies for SMEs are Voice over Internet Protocol (VoIP) which is a technology that “allows you to make telephone calls using a computer network, over a data network like the Internet” (Chandler 2005).

The major benefit of VoIP is that it takes what would otherwise be a long-distance call and makes it a local call. The reduction in cell phone bills alone for one company can make up for the costs of implementation. However, technology environment as define in this study as the rate of change and fastest growth which has wide ranging effects on the environment and society.

## **2.6 External Business Environment and Performance of SMEs**

The external business environment analysis of the macro environment helps to categories factors affecting the environment; such include tax changes, new laws, trade barriers, demographic change, and government policy changes (Gillepsie, 2007) distinguishes these factors thus coming up with: political, economic, sociocultural, technology, environmental factors and legal factors. Political factors refer to government policy such as the degree of intervention in the economy. They include goods and services the government intends to provide, subsidies to firms, priorities in business support, education of the workforce, health and quality of infrastructure like roads. Economic factors include interest rates, tax changes,

and economic performance among others. These can impact in that higher interest and inflation may trigger higher wage demands from employees raising costs.

Higher income performance may boost demand for products thus with people who have income business can sell more. Social factors impact on demand for firm's products and the availability and willingness of individuals to work. In some countries like U.K the population is ageing thus triggering costs for firms who deal in pension payments. This kind of population raises demand for medicines and other related services for the old. Thus, where SMEs are located their goods are supposed to take into consideration the target customers. Technology factors mean new technologies create new products and new processes. Technology like mobile money transfer (M-pesa) can reduce costs, improve quality and lead to innovation. These can benefit customers as well as firms which provide products.

Environmental factors include weather and climate change. Changes in weather can affect farming, tourism and insurance thus impacting on firm performance. The growing demand for protecting the environment and move towards more environmentally friendly products and processes is affecting demand patterns and creating business opportunities. Legal factors are those that are related to the legal environment where firms operate. Introduction of age discrimination and disability discrimination legislation in the UK, an increase in minimum wage and requirements for firms to recycle are examples that affect a firm's actions. Legal changes can affect a firm's costs and demand, for example if the law affects likelihood of customers buying the item or using the service. The business environment, labelled contextual factors, by others acts as a determinant of enterprise performance because it influences the opportunities available to SMEs (Nichter & Goldmark, 2009).

Evidence suggests that SMEs tend to grow more quickly during periods of overall economic performance while they tend to do poorly during economic downturns (Liedhlin, 2002). This

suggests that the business environment could be a determinant of firm performance. When inflation is high, SMEs could expand slowly because of the reduced purchasing power of both the owners and the potential customers. High interest rates reduce the ability of the SMEs and their customers to borrow loans. This reduces the ability of SMEs to expand and of the customers to buy. Depreciation of the local currency makes imports, the source of raw materials for most SMEs, to be expensive. It has also been found that the notoriously burdensome regulatory and institutional environment in developing countries might stifle business performance (World Bank 2006).

## **2.7 Review of Empirical Studies**

### **a. Economic Environment and Performance**

Mohammed and Abu (2012) examined the influence of external environmental factors on the performance of small business manufacturing enterprises in Bauchi State, Nigeria. The study used structured questionnaire, to collect data from the sample size of 302 respondents that participated in the study. The study reveals that, capital access and government support were found to be significantly related to performance of enterprises in Bauchi state. The study is in support with the study conducted by Atieno (2001) who view finance as a critical component in SMEs performance and development. Also, the study is in support with the study conducted by Nelson (2012) were they carried out a study in Zimbabwe to determine the impact of Government support on SMEs development where they found a strong relationship. While marketing variables, entrepreneurial readiness, business plan, and technology usage were found to be insignificant to business performance. The result appears to be in consistent with the study of Hassan (2010) on the performance of selected SMEs in Niger, were they was an insignificant result to business performance. However, the study failed to study the entire SMEs. This study will fill the gap by studying the entire SMEs.

Adeoye and Elegunde (2012) examined impacts of external business environment on organisational performance in the food and beverage industry in Osun state Nigeria. The minor objective of the paper is to investigate the influence of economic and political environment on organisational performance. A questionnaire was developed to collect information from the respondents based on a sample of 3 companies with 150 sample size. Data collected were analysed using multiple regression analysis. The findings of the study reflect that external business environment has an impact on organisational performance. Hence, the external business environment of Nigerian organisation impinges upon the operations of a business other than the availability of capital and the ability of the manager or businessman himself. The study also revealed that all things being equal, controlling of the external business environment can be done to some extent. This entails and calls for constant monitoring and conducting environmental scanning always. However, the study has some limitations. First, the sample used was rather small. Second, the generalisation of the results was rather limited because the sample covers only the food and beverage industry in Nigeria. However, the study uses a small sample size and findings might be grossly inadequate. This study will fill the gaps by studying a larger sample size and by covering the entire SMEs.

Njanja, Ogutu and Pellisier (2012) investigated effects of the external environment on internal management strategies within micro, small and medium enterprises; using Kenya as a case study. The study look at technology, regulation and policy issue, incentive policies, institutional policies and poor infrastructure as environmental factors and address the effects on management strategies such as marketing strategies, human relations strategies, strategic management and interpersonal factors among others. The objective of the study is to test effects of external environment on the internal management strategies within the MSMEs. Results from the study indicated significant correlations between the management strategies and the environmental factors. However, there was no significant effect of the environment

on the performance of the MSMEs. The study concluded that the external environment affects performance by affecting the management strategies the firms undertakes. A major control factor will be the nature of the firm and the calibre of management in practice which will dictate strategies undertaken to react to the environment. Socio cultural and economic environment should have been studied in relation to MSMEs performance but was neglected by the researchers.

Adebisi and Gbegi (2013) examine effect of multiple taxation on the performance of small and medium scale business enterprises. (A study of west African Ceramics Ajeokuta Kogi State). The study involved a survey research design with a population of 91. The study derived their sample size to arrive at 74 and a self-administered questionnaire was used to collect data. The study data was quantitatively analyzed with simple percentages and tested the research hypotheses with ANOVA. The study found that multiple taxation has negative effect on SMEs survival and the relationship between SMEs size and its ability to pay taxes is significant. The study therefore recommended that government should come up with uniform tax policies that will favour the development of SMEs in Nigeria and government should put into consideration the size of SMEs when setting tax policies. The sample size was too short and grossly inadequate to have fair findings. This study will fill the gap by studying a larger sample.

Okwu, Bakare and Obiwuru (2013) examined business environment, job creation and employment capacities of small and medium enterprises in Lagos state, Nigeria: a descriptive analysis. This study employed descriptive approach to examine job creation and employment capacities of SMEs in relation to the Lagos State business environment. Analysis was based on ten elements of the business environment and two indicators of SMEs' relevance. The study used a composite of survey and co relational research designs to gather relevant

information from which data for analysis were derived through survey, target population and sample size were determined. The definitional criteria adopted for the study restricted the population to 456 SMEs. The World Bank scientific model for sample size determination was used to select 228 SMEs through judgmental and convenience sampling techniques. The analysis revealed male-dominated SMEs sector, sole proprietorship and services subsector dominant and small-enterprises-dominant sector. The analysis further revealed that inadequate access to external finance, competitive pressures, multiples taxes, other fees and corrupt practices were among the militating factors against the SMEs, while socio-cultural elements availability and costs of labour services did not constrain the enterprises. The study further recommended practical policy measures to drive the traditional measures of providing external finance, tax, other incentives and infrastructure. The sample size was too short and grossly inadequate to have fair findings. This study will fill the gap by studying a larger sample.

Agbolade (2014) the study investigated impact of business environment on the survival of small scale businesses in Ogun state Nigeria. the study ascertains the nature of the relationship between business environment and the survival of small and medium scale businesses in Nigeria using the logistic regression technique to analyse primary data obtained through a structured questionnaire administered to eighty small scale businessmen and women operators in Ijebu North Local Government Area, (Ogun State) South-West Nigeria. The obtained result revealed that the model of logistic regression could predict the distribution of 72.15% of the observed values of the dependent variable as factors such as inflationary trend; infrastructural facilities, accessibility and government policy serve as barriers to business growth and survival. The study neglected the social, technology and economic environmental factor in relation to SMEs survival. In addition the sample size is too short and grossly inadequate to have a fair finding. This study will fill the gap by studying

social, technology and economic environment in relation to SMEs as well as studying a larger sample.

Rubina (2014) in his research work moderating effect of external environment on performance of SMEs in Pakistan. The study was aimed to investigate the moderating effect of external environment (EE) on the relationships between Total Quality Management (TQM), Entrepreneurial Orientation (EO), Market orientation (MO) and performance (P). The study was greatly motivated by the inconsistent findings and the gaps indicated in the contemporary literature regarding those relationships. First there were contradictory findings between TQM and Performance, EO and Performance and MO and Performance relationships. Second, the three strategies; TQM, EO and MO were not investigated together within the context of Small and Medium Enterprises (SMEs), and third, in the relevant literature, many theories have emphasized the necessity to establish the fit between external environment and intended strategies as the key success factor. The findings revealed that TQM and MO were significant predictors of performance, while EO was found insignificant to the performance. Meanwhile mixed results were found upon investigating the moderating effect of EE on the relationships between TQM, EO, MO and performance. The study failed to report the method used in collecting data from respondents.

Nwekpa and Ewans (2015) assessed implications of economic factors on small scale business performance in Nigeria for the period of 1970 -2013. The study was designed to examine the effect of economic environmental factors on small scale business performance in Nigeria. The study found that high Inflation rate, Exchange rate, Government Tax Revenue, External Finances and interest rate as economic indices have a significant effect on the performance of small scale businesses in Nigeria and therefore concludes that the federal government should come up with stringent policy and regulations that would maintain a fixed exchange rate,

interest rate, and low inflation that create enabling environment that could enhance the activities of small scale businesses in Nigeria. However, the study failed to study technology and socio-cultural environmental factor as other component in relation to small scale business performance. This study will fill the gap by studying technology and socio-cultural environmental factor as environmental component in relation to small scale business performance.

Sofyan and Primiana (2015) examined internal and external environment analysis on the performance of small and medium industries (SMEs) in Indonesia. The study employed secondary source of data collection by making use of available literature on internal and external analysis on the performance of small and medium industries (SMEs). The study found out that internal and external environment analysis has a meaningful relationship on the performance of small and medium industries (SMEs) in Indonesia. The study concluded that theoretical evidence can be used to solve problems that occur on the performance of small and medium industries (SMEs) and that performance of small and medium industries (SMEs) can be improved through increases in internal and external analysis.

Orogbu, Onyeizugbe and Chukwuma (2017) examine economic environment of small and medium scale enterprises: implications of economic growth in Nigeria. The study explore the implications of economic environment of small and medium scale enterprises on economic development. The study employed a quantitative design with secondary data on SMEs performance, government tax revenue, exchange rate, interest rate and inflation rate respectively. Ordinary Least Square (OLS) was use to form the basis for the estimation. The study found that exchange rate, inflation rate, interest rate and government tax revenue have negative relationship with SMEs performance. Thus the study recommended that the government should come up with economic policy and regulatory framework that will

maintain fixed exchange rate, interest rate and low inflation in order to drive the operations of small and medium enterprises. However, the study uses secondary data to measure the performance of SMEs and SMEs are too small to have secondary record. Therefore, this study will fill the gap by using primary data to measure SMEs performance to ask questions on how they perform.

### **b. Socio – Cultural Environment and Performance**

Bayode, and Adebola (2012) examined strategic environmental scanning and organization performance in a competitive business environment. The study justifies the impact of Strategic Environmental Scanning on Organization performance in a competitive business environment by studying Nestle Nigeria Plc and Cadbury Nigeria Plc. The opinions of the selected respondents were sought using structured questionnaire; the collected data were analyzed and interpreted with regression and coefficient of correlation method of analysis. The study found that the external environmental forces have positive impact on organization performance. And as such, the use of strategic environmental scanning in evaluating the external environmental forces (opportunities and threats) helps in seizing the opportunities and avoiding threats and it leads to organization profitability. Hence, since the findings shows positive signal, the study recommends that, organization should strategically, periodically, and continuously involve in strategic environmental scanning and pay strong attention to the threats (to avoid) and opportunities (to seize) in the environment. Small and medium enterprises should have been studied in relation to performance but was neglected by the researchers.

Felicia, Olusoji, Oluwakemi and Mofope (2013) investigate effects of socio-cultural realities on the Nigerian small and medium sized enterprises (SMEs): Case of Small and Medium Sized Enterprises in Lagos State. The objectives of the paper are in two-folds, namely (i)

identify socio-cultural realities in the SME business environment in Nigeria and; (ii) examine factors that lead to the development of SMEs. The study concluded that socio-cultural realities were key factor affecting business in the state. The study only look at socio-cultural as one aspect that affect small and medium enterprises neglecting the other component of the environment. This study will fill the gap by studying other component of the environment that affect small and medium enterprises performance.

Babalola and Abel (2013) examined business environmental factors: implications on the survival and growth of business organisations in the manufacturing sector of Lagos metropolis. The study focused on the implication of the business environmental factors on the survival and growth of business organisations in the manufacturing sector regarding Lagos metropolis of Nigeria. The study identified some environmental factors that were peculiar to the business organisations in the manufacturing sector vis-a-vis their significant impact through the administered questionnaires to employees of selected business organisations and inhabitants of three senatorial district that constitute Lagos metropolis. Electricity, government policies and fraudulent practices were found as factors critical with severe impact on the survival and growth of business organisations in the manufacturing sector among other factors which was adduced as the underlying rationale behind exodus of manufacturing organisations to the neighbouring countries. The study concluded that these factors signified impending danger that may impede the survival of business organisations and make growth an impossible task if left on. Thus, the study recommended among others that the present arrangement (policy) of centralising electricity which has made the federal government to enjoy monopoly should be jettisoned to make way for devolution and alternative to power generation aside the use of generator which has made operation cost to keep increasing. The study failed to study the entire business organisation but only look at manufacturing sector. This study will fill the gap by studying the entire business enterprises.

Petro, Annastazia and Mashenene (2014) assess effect of socio-cultural factors on the performance of women small and medium enterprises in Tanzania. The study was conducted in Dodoma urban Chamwino districts in Dodoma region employing cross-sectional and case study research design in which 80 women SMEs were surveyed using questionnaire. The study found that women immobility, poor support from society members and ethnicity affects negatively the performance of women SMEs. Conversely, family roles, level of education and role models were important factors in nurturing the performance of women SMEs. The study generally concludes that SCFs have negative effect on the performance of women SMEs. This implies that, women SMEs stressed under such SCFs cannot perform outstandingly. The study recommends that the government should formulate policies that encourage women participation in entrepreneurial activities. However, the study only look at the women side without considering the entire SMEs and also study a small sample size, which is grossly inadequate to generalize the findings. Thus, this study will fill in the gap by looking at the entire SMEs sector and also study a large sample size.

Ozigbo (2014) examineeffects of selected socio-economic variables on the entrepreneurship performance in Nigeria Economy. The study utilized a questionnaire approach to generate the necessary data used in analysing the relationship. The findings indicate positive relations between entrepreneurship performance and the selected socio-economic variables. The study call into question the policy approaches to entrepreneurship development in Nigeria.

Bojan and Zoran (2014) examined analysis of external environment's moderating role on the entrepreneurial orientation and business performance relationship among Italian small enterprises. The goal of the study was to explore relations between the constructs of entrepreneurial orientation and business performance in small companies, as well as the moderating effects of external environment factors. The study explored the concept of

entrepreneurial orientation by measuring corresponding variables: innovativeness, proactiveness, risk taking, autonomy and competitive aggressiveness. The study empirically confirmed that there is positive relationship between entrepreneurial orientation, financial and non-financial performance of companies. It is thus clear that SMEs should nurture corporate culture and management styles aimed at promotion of innovative, proactive and risk taking behaviour. The study also confirmed positive relation between external environment and entrepreneurial orientation. The study found no evidence for moderating performance of external environment on the relationship between entrepreneurial orientation and small business performance. The study failed to report the method they used in collecting data from respondents.

Vincent and Ifeanyi (2015) assessed impact of socio-cultural factors on entrepreneurial development in Nigeria. The study limits itself to the socio-cultural factor which impacts seriously on entrepreneurial development in Nigeria. The study discovered that some cultural values like marriage, age grade and religion have impacted positively on entrepreneurial development, while some cultural values like traditional title taking, impact negatively on entrepreneurial development. The study recommends that to increase the legitimacy of entrepreneurship, there should be a change in traditional values which have been assumed to be opposed to entrepreneurial development. The issue of security of lives and property should no longer be left in the hands of the government alone, the traditional rulers and town union governments should bring out measures that will collaborate with the efforts of the government in tackling the issue of insecurity. However, the study failed to study other environmental factor in relation to entrepreneurial development. This study will fill the gap by studying other environmental factor.

Adeoye (2015) examined impact of external factors on corporate governance system of firms: empirical evidence from Sub-Saharan Africa Anglophone countries (SSAA). The study, explored the impact of external factor on corporate governance system using survey questionnaire based on international corporate governance norms. Data were collected from listed firms in Ghana, Nigeria and South Africa. The conclusion are as follows: In all the selected countries in the Sub-region (SSAA) political environment affect the corporate governance system; Macro-economic policies seem to hinder good corporate governance practices; The accounting system operating in each country plays a vital role in promoting sound corporate governance system; Ownership structure (method for acquisition of stock) of firms' delays promotion of sound corporate governance in Ghanaian and Nigerian firms; Societal and cultural factors seem to deter corporate governance system in Ghanaian firms. Corruption may likely affect corporate governance practice in South African firms. The study recommends that there is need for proper implementation of macro-economic policies in the sub-region. The political elite should not interfere with regulatory and supervisory agencies. The Ghanaian Code of corporate governance need to take into consideration the socio-cultural environment in formulating corporate governance policies, and the acquisitions for stock of firms in Nigeria need to follow proper due process. The study failed to report the method used in collecting data from respondents.

Anthony and Harry (2015) examined government policy and performance of small and medium business management in Nigeria. The study investigated the relationship between government policy and SME firm performance. The study confirmed that government policy had a major impact on the competitiveness of SMEs. The study surveyed that the performance of SME varies with the choice of the government policy, spatial relations and guidelines of government, schemes, incentives and support arrangements for the individual

sector. Neglecting technology, economic and socio-cultural in this study is a major shortcoming of the study. Therefore, this study will fill the gap.

Gloria (2015) accessed impact of business environment on organization performance in Nigeria but emphasis was made on banking industry. The study uses economic dimension, technological dimension, ethnical dimension, political and government policy as a measure of external business environment. The study uses non-parametric technique to utilize chi-square statistic. Findings of the study shows that wrong choice of business, lack of export, lack of business connections, management incompetence, lack of adequate attention, marketing problem, unethical and location problem are the problems leading to organizational performance. The study therefore concluded that, environmental factors should be well tackled in other to improve organizational performance. The study failed to report the method used in collecting data from respondents. Therefore this study will fill the gap.

### **c. Technology Environment and Performance**

Aazir and Rehman (2012) investigated impact of external environment on the performance of fast food industry. The Purpose of the study is to analyse the impact of Political, Economic, Social and Technology macro environmental forces on Pizza fast food industry in Rawalpindi / Islamabad in Pakistan and suggestions for improvement in their performance. The study work was based on co-relational (survey) research design and instrument used for the study was interview. The study found that the four factors Political, Economic, Social, and Technology are the key factors that can determine the performance of the fast food industry. Result showed that the Political factor is somewhat insignificant but all other factors are the key factors which show the significant results. Hence, the study recommended that managers must keep these factors in mind in other to perform better. The study neglected to study the

entire SMEs in relation to performance. This study will fill this gap by studying the entire SMEs in relation to performance.

Mai and Phuong (2013) examined impact of external environment, technology and innovation capacities, and leadership development on organizational performance in food industry a qualitative study of food enterprises in Ho Chi Minh City, Vietnam. The study investigates the current issues for conducting technology transfer and innovation processes at food processing enterprises in Ho Chi Minh City, Vietnam. The study conducts an extensive qualitative study which comprised of 8 in-depth interviews with Executive managers and Research & Development managers; the study identifies seven main themes that emerged from the data concerning the specific contents for food processing enterprises. The correspondents of the study described how the relative issues of externals; capacities, leadership in their organizations contribute to technology transfer and innovation effectiveness, and in turn lead to sustainable performance. In addition, respondents of the study also noted challenges associated with implementing technology transfer projects. Based on prior studies and these challenges, the study proposes a conceptual model of innovation process and technology transfer in food processing enterprises as influenced three main factors - external environment, technology transfer and innovation capacities, and leadership. Changes in any of these three factors can potentially influence both technology transfer and innovation effectiveness and overall organizational performance. Neglecting the entire SMEs in this study is a major shortcoming of the study.

Sadegh, Alireza and Behzad (2013) assessed the impact of environmental factors on Total Quality Management and firm performance: evidence from industrial enterprises in Iran. The study focused on the relationship between utilization of a range of elements of Total Quality Management (TQM) and performance. The study points out the likely impact of

organizational environments on the different aspects of TQM and organizational performance. The model employed in the study is evaluated using structural equation from a qualitative study of top and middle managers from the quality departments of 135 industrial enterprises in Ilam in western Iran. The study use random sampling method to select the sample, a questionnaire was administered to collect the required data from respondent. Correlation method was employed to test the hypotheses of the study. The study found out that the environmental factors are effective on the principles of TQM; however, the impact of environmental factors on the principles of TQM was of higher importance. The study also revealed that principles of TQM have an impact on organizational performance. The sample size should have been larger to have greater confidence in their findings.

Olawale (2014) assessed external environmental factors impacting on access to debt finance by small and medium enterprises in South Africa. The objective of the study was to examine the external environmental factors that can impact on access to debt finance by SMEs in South Africa. The study focused on four external factors. These were the economic environment, the legal system, crime and corruption. The study finds that economic conditions affect small business finance. In addition, an inefficient legal environment which can be shown by the long procedures, duration and cost it takes to register property enforce contracts and close business upon bankruptcy may affect the availability of debt finance to SMEs. Crime also affects the capacity of new SMEs to repay credit granted. Corruption by banks official have a negatively impact on bank lending through the increase in the amount demanded by officials for allocating credit. The study recommended that government has a large role to play in improving the external environment. Government needs to take crime reduction more seriously through better policing, education and poverty reduction measures. The study also recommended that legal system must be made more efficient. The speed of court judgment must be enhanced. Public awareness campaigns are necessary to change the

mind-set of the public that unethical behaviours and corruption are bad and counterproductive and strong fiscal and monetary policies must be sustained. Neglecting technology and socio-cultural environment in this study is a major shortcoming of the study.

Okeyo (2014) assessed the influence of business environmental dynamism, complexity and munificence on performance of small and medium enterprises in Kenya. The main purpose of the study is to examine how business environment affects small and medium enterprises. Literature however argues that effectiveness of the contributions is conditioned by the state of business environmental factors such as politics, economy, socio-cultural, technology, ecology and laws/regulations. Furthermore, studies focusing on these factors in the Kenyan context, particularly regarding their effect on performance of small and medium firms, are scarce. The study bridges this gap based on a study focusing on 800 manufacturing organizations in Nairobi – Kenya. A sample of 150 enterprises was selected through stratification by business sector followed by simple random sampling. The research design was cross sectional survey where data was collected using a structured questionnaire over a period of one month at the end of which 95 organizations responded giving a response rate of 64%. The study found out that business environment had an overall impact on organizational performance. Specifically, dynamism, complexity and munificence each had a direct influence on the enterprises in the study. Furthermore, the combined effect on performance was found to be greater than that of dynamism and complexity but less than munificence. The study also found out that there is a difference in the way business environment affects performance such that it impacts positively on financial performance more than on non-financial performance of the enterprises. The results imply that small and medium enterprises in the study are likely to perform better in business environments that are dynamic, complex and munificent. However, the sample size was inadequate.

Nnamani and Helen (2014) assessed environmental factors and organizational performance in Nigeria (a study of Juhel Company). The purpose study was to examine the effect of environmental factors and organizational performance in Nigeria. A study of Juhel Company Ltd. The objective of the study was to find out the relationship between the employees and their work environment, to assess the extent of employee performance on productivity and to find out the extent environmental factor has enhanced to performance. The study use survey method and the research tool was questionnaire. The study had a population size of 1,152, out of which a sample size of 297 was selected. The study reveals that there was unsafe and unhealthy work place environment, poor motivation, lack of innovation, high cultural interference and allows organizational interpretation process. The study recommended that organization should use SWOT analysis to analyse the environment to enable them fit in and keep going. The respondents of the study should have been higher.

Olatunji (2015) investigated impact of information communication technology on small and medium scale enterprise productivity in Nigeria. The study explores the effects of (ICT) Information Communication Technology on (SME) Small and medium scale enterprise productivity in Nigeria. A survey research approach of the data collection was adapted to 80 respondents. Hence, the study overviewed that Stakeholders in the Small and Medium Scale Enterprise industry agree that the introduction of Information Communication Technology in its operations changes its processes and productivity which in turn boost profitability. The study found out that, the use of Information Communication Technology by Small and Medium Scale Enterprise opens new opportunities, reduces inventories as well as makes their services more tradable. The study recommended that emphasis should be on modern technology, practical technological and entrepreneurial studies aimed at producing entrepreneurs. The study neglected the other component of external environment and only look at technology which is one aspect of the external business environment. This study will

fill the gap by studying other component of external business environment in relation to SMEs performance.

Abdullahi, Ali, Ghali and Majid (2015) examined environment variables on IT adoption: a case of Nigerian construction organizations. The study examined the effect of external environment on IT adoption in construction organizations. Specifically, the study empirically explores the external variables, assessed their effects and determined how they can optimally be combined to enable IT acceptance. The data collected was analysed using structural equation modelling analytical approach. Results of the analysis revealed that external environment strongly influence firm's IT adoption with a path coefficient of 0.70 and a z-value of 10.5. Furthermore, a confirmatory factor analysis conducted confirmed competitive pressure, government support and market uncertainty as the most significant variables of firm's external environment in relation to IT implementation with a standardized parameter estimates of 0.75, 0.51 and -0.41 respectively. Precisely, competitive pressure and government support were strongly and positively related to IT adoption while market uncertainty exhibited a strong but negative relationship. The study failed to report the method they used in collecting data from respondents.

Milly (2015) assessed external environment on the performance of microfinance institutions evidence from Uganda. The purpose of the study was to analyze how managing the impact of the external environment affects the performance of microfinance institutions. Data for the study was collected using a cross-sectional survey involving administration of questionnaires to a random sample of 64 managers, 177 employees and clients 213 selected from microfinance institutions operating in Kampala district, Uganda. The data was subjected to correlation and linear regression analysis. Results from the study indicate that the external environment of microfinance institutions is largely defined by the influence of family

relations in the context of ownership, internal decision-making, employee recruitment and deployment. How this impact is managed correlates significantly but negatively with the reliable performance indicators of the institutions. The study also found that it is hard for institutions to perform in a sustainable way if the negative family influence is left unabated. The study further recommended that workshops and seminars be organized to sensitize family owners about the principle of separation of ownership from management. The study look at external environment in relation to performance of microfinance but failed to look at external environment in relation to SMEs. This study will fill the gap by studying external environment in relation to performance of SMEs.

Dogara (2015) assessed impact of the Nigerian business environment on company performance: a case of 20 most capitalized companies in Nigeria. The study shows the empirical standing of theoretical convergence with respect to the 20 most capitalized companies in Nigeria. Using the Ordinary Least Square and simple multiple correlation methods, the study show the impact of the Nigerian business environment on the performance of these companies. Collectively, the variables of the environment have significant and positive impact on the companies' performance. Government expenditure and inflation have positive impact while exchange rate and interest rate have negative impact but overall, there was a positive and significant impact. The study recommended that Government should pay more attention to capital expenditure on vital sectors like infrastructures and education while maintaining fiscal stability. The private sector should partner with Government in infrastructural investment instead of each company providing its own infrastructures. The study failed to study small and medium enterprises which have the major contribution to Nigeria economy. This study will fill the gap by studying the small and medium enterprises.

Rachmad and Sabarudin (2015) examined effects of environmental factors on corporate strategy and performance of manufacturing industries in Indonesia. The purpose of the study was to examine and obtain empirical evidence of the effects of external and internal environmental factors on the strategy and performance of manufacturing companies. The study used primary data obtained by distributing questionnaires to 150 respondents of manufacturing companies in Indonesia spreading over six major cities in Java such as Jakarta, Banten, Bandung, Yogyakarta, Semarang and Surabaya. The study uses the systematic random sampling technique. Results showed that internal and external environmental factors affect the performance of manufacturing industry. The study also found that manufacturing industries were faced with the pressures from competition, customers and suppliers that affect company's revenue. The study only focuses on manufacturing industry not the entire SMEs. In addition, their sample size was too short to have a fair finding. This study will fill the gap by studying a larger sample and look at the entire SMEs.

Akrofi (2016) examined impact of external business environment factors on performance of small & medium sized enterprises in the pharmaceutical industry in Kumasi Metropolis. The aim of the research is to examine the impact of macro-environment factors, industry forces and competitors and market business environment forces on performance of SMEs in pharmaceutical industry in Kumasi Metropolis. The study conducted a survey of 240 respondents out of which 220 responses were received representing 91.67% response rate. The results of the research proved that there is a positive relationship between macro-environment factors (specifically political, economic, technological and legal factors). Also, the results showed a positive relationship between industry forces (threat of entry, power of buyers, power of suppliers, threat of substitutes and competitive rivalry) on performance. In addition, the research results show that there is a moderate relationship between competitive and market environment factors (strategic group, market segment & strategic customers) on

dependent variable (performance). The study recommended that the environmental factors should be look at closely as they show a positive impact on the performance of the organization. However, the study failed to study the entire SMEs and only look at the pharmaceutical industry. In addition, their sample size was too short and grossly inadequate to have a fair finding. This study will fill this gap by studying the entire SMEs and studying a larger sample.

Audrey (2016) examined impact of innovation on performance of small and medium enterprises (SMEs) in Tanzania: a review of empirical evidence. The study uses a desktop methodology to investigate the world wide existing empirical studies, and results shows the relationship between Innovation on Small and Medium Enterprises (SMEs) performance. The results from review literature further revealed that no consistent results on whether the innovations altogether influence firms' performance. The conclusion of the study is therefore not generally viable. The nature of the empirical results reported in the research work indicates a need for such studies especially in Africa where the research fissure is widely observed in this area. The study is thus a wakeup call for empirical studies that assess the impact of innovation on SMEs performance in Africa and Tanzania where the studies of this nature are rarely found in the review of literature conducted in the research work. Neglecting the external business environment is a major shortcoming of the study.

All studies reviewed shows difference findings and conclusion which might have resulted from difference methodology, variables used and period of study. However, studies conducted on the effect of external business environment on performance of SMEs in developing country have used different variables. However, few studies has been conducted on economic, socio-cultural and technology environmental factor on performance of SMEs in Oyo state. The sample size used for the reviewed studies was statistically inadequate; this

was remedied by this study. Methodologically, their study failed to report the validity of the constructs used in their study, i.e., convergent and discriminant validity. Also, the study failed to carry out test of non-response bias and test of common method bias.

## **2.8 Theoretical Framework**

The theory underpinning this study is Contingency Theory and explained as follows:

### **2.8.1 Contingency Theory**

Contingency theory is a theory developed by Lawrence and Lorsch (1967). Contingency theory postulates that there is no single best way for business enterprises to perform. Situations will create different environmental requirements for owners/managers of an enterprise. The solution to a managerial situation is depending on the environmental factors that influence on the situation. Fiedler claims that if performance is to be improved, we must cope not only with the environment but also with the situational factors which influence performance. Performance can be improved either by the environment's fit to the situation or the situation's fit to the environment.

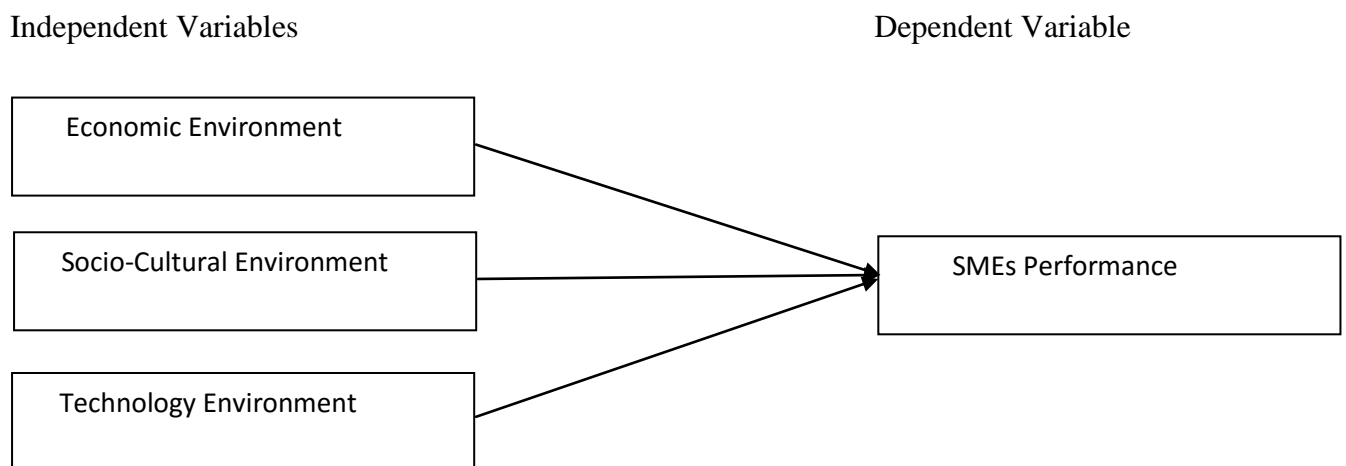
For example, the theory relates to the independent variables in the logic economic environmental factor, socio-cultural environmental factor and technology environmental factor which the management of any SMEs can adopt for the business while the dependent variable relates to performance which is the result of the business environment adopted.

Economic, socio-cultural and technology environment which are the independent variables consider for the study can be best appropriate depending on the environment and the situation the organization discover itself. Though, there is need for the owner/manager to identify and comprehend the situation before choosing the suitable business environment. The adoption of economic, socio-cultural and technology environment has the capacity to enhance or decrease the performance of the SMEs and their result shall define the level of performance of the

business. However, if the right environmental factors are adopted, SMEs performance will improve, if otherwise performance of the organization will decrease. This study attempted to study the impact of external business environment (economic, socio-cultural, technology) on SMEs performance. External business environment stand as the independent variables of the study while SMEs performance as the dependent variable. The model in Figure 1 below explains the relationship between the variables in this study.

## 2.9 Research Model

Based on the theoretical framework, that states that there is no best way for a business enterprises to perform, situation will warrant how a business enterprises will perform effectively.



*Fig 2.1: Research Model*

The model above depicts a relationship between the independent and dependent variables. The model shows how the external business environment (economic, socio-cultural and technology) impact SMEs performance. The framework was tested to show if SMEs performance is a function of external business environment.

## **2.10 Summary of the Chapter**

The chapter provide detailed information on existing studies in the area of study. The conceptual framework provided an understanding of the variables of the study. The external business environment was discussed extensively as well as the external environmental factors (economic, socio cultural and technology). The chapter also provided an understanding of SMEs performance and various measures of performance of enterprise. The performance dimension for this study include (1) increase in sales, (2) profitability, (3) innovation, (4) effectiveness, (5) efficiency. The study also provides an understanding linking external business environment and performance of SMEs. Various authors work was empirically reviewed to get a clearer gap of knowledge. Theoretical foundations of the study have been treated in this chapter. Contingency theory was reviewed in the course of this study.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter gives information concerning the research design used by the study. It also give information on the people that constitute the population of the study and how the sample for the study was drawn from the population using cluster sampling techniques. This chapter provides information on the source and method of collecting needed data from respondents. The study used a structured questionnaire to collect data from respondents as contained later in the chapter. The items used in measuring each variable in this study were adapted from various sources to fit the aims of this work. These sources where the items were adapted from were mentioned later in the chapter. This chapter also report the reliability and the validity of the questionnaire used by the study. Data collected went through series of pre-tests to ensure they do not violate the assumptions of multiple regressions. The pre-tests carried out on the collected data are later mentioned in this chapter.

#### **3.2 Research Design**

A cross-sectional research design was used for this study. The study uses cross-sectional research design because a structured questionnaire was used to collect data from respondents at once. The survey research design was adopted because it is an applicable design to find out how external business environmental factors affect the SMEs performance at a period of time.

### 3.3 Population of the Study

Since there is no recent survey done to determine the number of registered SMEs other than the one carried out in 2013, the study therefore used the SMEDAN (2013) survey report to determine the population of the study. The population of the study consist of 7,987 registered SMEs operating within Oyo State. Owners and/or manager were selected because of their knowledge and familiarity with the running of their own establishment. The choice of this group of SMEs was as a result of their registration with the relevant authorities. As such, they are well organized with registered office addresses and full time employees.

### 3.4 Sample Size of the Study

The sample size for this study was determined using formula suggested by Yamane as cited in Israel (2013). The assumption is that the sample is representative of the population.

Sample size formula:

$$n = N \frac{1}{1+N(e)^2}$$

Where: n= sample size

N= population size

e= sample error level of significance

1 = constant

Therefore;

$$= \frac{7,987}{1 + 7,987 (0.05)^2}$$

$$= \frac{7,987}{1 + 7,987 \times 0.0025}$$

$$= \frac{7,987}{20.968}$$

$$= 381$$

The minimum sample size for this study is three hundred and eighty-one (381). Israel (2013) advised that 10% -30% should be added to the minimum sample size. Thus, 30% was added to the minimum sample size. One hundred and fourteen (114) respondents which is the 30% of the sample size were added to the calculated sample size of 381 bringing it to 495 copies of the questionnaire administered across the state.

### 3.5 Sampling Technique

The study used cluster sampling technique in order to locate the sample out of the population. Cluster sampling is suitable where the sample to be drawn is heterogeneous within the clusters and homogeneous between the clusters (Kothari & Garg, 2014). The study adopted cluster sampling technique to choose SMEs from the 3 senatorial zones in Oyo State namely; South, Central and North and simple random sample was used to select the population from the clusters. Simple random sampling is appropriate to cull a smaller sample size from a larger population to make the generalizations about the larger group. The questionnaire was dispersed based on simple random sampling procedure to arrive at a sample size for each senatorial zone.

Table 3.1: *Distribution of Questionnaires among 3 Senatorial Zones*

SENATORIAL ZONE	NUMBER OF REGISTEREDSMEs	COPIES DISTRIBUTED
NORTH	3,568	221
CENTRAL	3,125	194
SOUTH	1,294	80
TOTAL	7,987	495

**Source: Field Survey, (2018).**

The above table 3.1 shows how the total copies of questionnaire was dispersed according to population size of each the 3 senatorial zones of Oyo state. This was achieved by taking the

numbers of registered SMEs in each zone multiply by the sample size of the study and divide by the total registered SMEs of the state.

### **3.6 Sources and Method of Data Collection**

This study employed the use of primary data to determine the effect of external business environment (economic, socio-cultural and technology factor) on the performance of small and medium scale enterprises in Oyo State. The questionnaire was self-administered and the researcher personally administered the hardcopies of the questionnaire face to face to the owners/managers of the organization which are the respondent of the study and a preamble note was attached to the questionnaire guiding the respondents on how to answer questions. It is suggested that in environment like Nigeria, where research culture is not sufficiently developed, face to face delivery will be suitable (Ringim, Razalli & Hasnan, 2012). One of the advantages of face to face delivery is that, it helps to collect all completed questionnaire within short period of time.

### **3.7 Measurement of Variables**

The survey used a structured questionnaire to gather the needed information from respondents. The questionnaire utilised for this study was adapted from various sources to fit the aims of this work. Questions developed by Akrofi (2016) was adapted to measure economic environment with (6-items), socio-cultural environment questionnaire was adapted from the work of Felicia et al (2013) with (6-items), and technology environment questionnaire was adapted from Akrofi (2016) with (5-items). The items was measured using five point Likert scale ranging from strongly agree (5) to strongly disagree (1). The organization performance questionnaire was adapted from the work of Apolot (2012) with (11 items). Thus, all the items were presented on a five point Likert scale ranging from strongly agree (5) to strongly disagree (1). The use of Likert scale has been often necessary

because it is an interval scale that enables a researcher to analyse questionnaire responses using parametric tools.

The questionnaire was divided into three sections, Section A ask question on demographic distribution of respondents, section B ask question on external business environment (Economic, Socio-cultural and Technology) and section C provide statement on SMEs performance. All questions were close ended form.

### **3.8 Pilot Study**

To ensure face and content validity, the questionnaire was reviewed by academics and pilot testing was carried out with a group consisting of thirty (30) respondents. Cronbach's Alpha was used to evaluate the questionnaire reliability. The variables were tested independently to check if the questionnaire to be used for the study is reliable enough. All variables have a figure above 0.7 except one which has a figure below 0.7. A Cronbach's Alpha figure below 0.7 can be accepted provided other variables in the study have a Cronbach's Alpha figure above 0.7 (Hair, Black, Babin and Anderson, 2014).

### **3.9 Technique of Data Analysis**

The collected data underwent preliminary analysis. The data were tested for missing values. Missing values were replaced using mean substitution. Outliers were detected and screened, and multicollinearity was also tested using Variance Inflation Factor (VIF). The data collected underwent further processing using Partial Least Square Structural Equation Modelling (PLS-SEM) on SmartPls3. SmartPls3 has two models, the measurement model and the structural model, also known as the outer and inner model respectively. The outer model is used to cycle between path coefficients and path loadings, while the inner model is

used to cycle among path coefficients, total effect coefficients and indirect effect coefficients (Garson, 2016).

The data collected underwent some analysis so as to make certain the data show convergent validity, divergent validity and discriminant validity before running multiple regression analysis. The Multiple regression analysis was used to test the hypotheses of the study. The following explains how the study carried out these pre-tests.

### **3.9.1 Construct Reliability and Validity**

It is of importance that the items used in measuring the variables in the study, show reliability and validity. The data was tested for convergent validity and divergent validity. Convergent validity is often used to measure the correlation of a dimension's multiple indicators (Lee & Chen, 2013). Adjustment was made where necessary, where the data failed to pass any of the tests.

Convergent and divergent validity were tested using Cronbach's Alpha, composite reliability and Average Variance Extracted (AVE) as suggested by Garson (2016). Cronbach's Alpha coefficient should be  $\geq 0.7$  (Hair *et al*, 2014). Composite validity coefficient should be  $\geq 0.7$  also (Lee & Chen, 2013), while AVE coefficient should be  $\geq 0.5$  (Garson, 2016). In the case where any of the construct falls short any of these minimum standard, adjustments were made. Items having the minimum effect on the construct falling short of any of the criteria were deleted. This process continued until all the constructs met the minimum requirements of each of the tests.

### **3.9.2 Factor Loadings**

It is important for indicators to load well in their individual houses. According to Hair *et al* (2014), indicators should not load below 0.5. Items that loaded below 0.5 are to be deleted

(Hair *et al*, 2014). Only items loading above 0.5 were retained. Where, item(s) are deleted, it is important to submit the data for a second reliability and validity tests.

The data for a second time underwent convergent validity and divergent validity. This time with the inclusion of discriminant validity. Discriminant validity is often used to assess whether a construct and its indicators is distinct from other constructs and its indicators is the outer model (Lee & Chen, 2013). Discriminant validity was tested using Fornell-larcker Discriminant Validity.

AVE can be used to establish discriminant validity by the Fornell-larcker criterion. For discriminant validity to exist, the square root of the AVE should be higher than its correlation with other latent variables (Garson, 2016). In the correlations table, where it is observed that the square root of AVE is higher than its correlations with other latent variables, the data will be assumed to show discriminant validity test using Fornell-larcker criterion.

At this point, it is assumed that the data collected have gone through the necessary screening and cleaning so as to engage in further analysis. This led to the next stage. The next stage was used to test the hypotheses of the study.

### **3.9.3 Test of Hypotheses**

The direct effect of economic, socio-cultural and technology environment on SMEs performance was determined using a bootstrapped analysis of 424 cases using 5000 subsamples. It is important to determine the direct impact of economic, socio-cultural and technology environment on performance of SMEs (Hair *et al*, 2014). This helped test the hypotheses of the study. Hypotheses were tested using direct path coefficient using 5% level of significance.

### 3.9.4 Effect Size

The study further tested for the effect size of the direct relationship between economic, socio-cultural and technology environment on SMEs performance using  $f^2$ . According to Cohen in 1988,  $f^2$  values of 0.02, 0.15 and 0.35 represents small, medium and large effects respectively.

### 3.9.5 Predictive Relevance for Direct and Indirect Relationships ( $Q^2$ )

The Stone-Gleisser  $Q^2$  value was used to assess construct cross-validated redundancy. The  $Q^2$  criterion is an indicator of the predictive relevance of a model (Hair *et al.*, 2014).  $Q^2$  value of the direct impact of economic, socio-cultural and technology environment was determined. In the structural model, a  $Q^2$  value larger than zero for a certain reflective endogenous latent variable indicate the path model's predictive relevance for the construct. While a  $Q^2$  with a 0 or negative value indicates the model is irrelevant to prediction of the given endogenous factor (Garson, 2016). A  $Q^2$  value of .02 represents a small effect size, .15 represents a medium effect size, and .35 represents a high effect size (Cohen, 1988).

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

This chapter presents the result of the analysed data. The descriptive statistics of the respondents were presented in this section. The effect of economic environment, socio cultural environment and technology environments on performance were reported in this chapter.

#### 4.2 Response Rate

Table 4.1  
*Questionnaire Distribution and Response Rate*

<b>Questionnaire Details</b>	<b>Frequency</b>	<b>Percentage</b>
Distributed Copies of Questionnaire	495	100
Returned Copies of Questionnaire	457	92
Unreturned Copies of Questionnaire	38	8
Deleted Questionnaire	33	7
Usable Questionnaire	424	86

**Source: Field Survey, (2018)**

There were 495 distributed questionnaires. 457 questionnaires were retrieved from respondents and they constitute 92 per cent of the total questionnaires. 38 questionnaires were not returned by the respondents. 33 questionnaires were considered to be outliers and were deleted. In the end, only 424 questionnaires were used for final analysis, and they constitutes 86 per cent of the 495 distributed. As a result of having 424 questionnaire used, the researcher did not fall beyond the minimum sample size of this study which is 381.

#### 4.3 Preliminary Analysis

The data collected went through some preliminary analysis. The data collected were screened for missing values, outliers, and multicollinearity.

### **4.3.1 Missing Values**

Missing data are questions without answers or variables without observations. In the case of large missing data in a data analysis, it may lead to unreliable findings. Researchers, according to Hair *et al.*, (2014) should use 10% as the maximum missing values to be allowed in a data analysis. In this study, the missing value constitute 0.33% of the total data points, as there are 13,860 data points and only 45 values were missing. However, the missing values were replaced using mean substitution. Mean substitution is the most commonly used method for replacing missing values (Hair *et al.*, 2014).

### **4.3.2 Assessment of Outliers**

Statistical outliers are unusual points in a set of data that differ substantially from the rest. An outlier could be different from other points with respect to the value of one variable or in multivariate data (Caroni, Karioti, Polychronis & Pierrakou, n.d). This study utilised Mahalanobis distance ( $D^2$ ) to detect outliers since this study is a multivariate study. Hair *et al.*, (2014) advised that researchers could use 0.001 level of significance. 33 cases were detected as outliers and were deleted from the data set. 424 cases of 457 questionnaires returned were used for analysis, as a result of the deletion of 33cases from the data set.

### **4.3.3 Multicollinearity Test**

Multicollinearity refers to the existence of a perfect or exact linear relationship among some or all explanatory variables of a regression model. Multicollinearity causes redundant information, which means that what a regressor explains about the response is overlapped by what another regressor or a set of other regressors explain. This study utilised Variance Inflation Factor (VIF) and tolerance coefficient to test for multicollinearity. A VIF figure

above  $\geq 5$  shows multicollinearity. The independent variables of this study are free from multicollinearity as all VIF values are below 5.

Table 4.2  
*Multicollinearity Statistics: VIF Values and Tolerance*

<b>Construct</b>	<b>Tolerance</b>	<b>VIF</b>
Economic Environment	0.992	1.084
Sociocultural Environment	0.928	1.077
Technology Environment	0.989	1.011

**Source: Field Survey, (2018)**

#### 4.4 Demographic Statistics

This section presents demographic statistics based on the demographic characteristics of respondents. The demographic characteristics include gender distribution of the respondents, age distribution, educational distribution, current position, type of business, and the age of their respective firms. The results are presented in Table 4.3.

Table 4.3  
*Demographic Characteristics of Respondents (n=424)*

<b>Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>	<b>Cumulative Percentage</b>
<b>Gender</b>			
Male	330	77.6	77.6
Female	94	22.4	100
<b>Age of Respondents</b>			
20 – 30	41	10.0	10.0
31 – 60	312	73.0	83.0
61 and above	71	17.0	100.0
<b>Education</b>			
Secondary	114	27.1	27.1
Tertiary	310	72.9	100.0
<b>Position in the Firm</b>			
Owner-manager	224	52.7	52.7

Executive	21	4.9	57.6
Manager	94	22.4	80.0
Other	85	20.0	100.0

Line of Business	Frequency	Percentage	Cumulative Percentage
Manufacturing	138	32.4	32.4
Service	271	63.8	96.2
Others	15	3.8	100

**Source: Field Survey, (2018)**

Table 4.3 presents the result of the demographic characteristics of the respondents of this study. As seen on Table 4.3, there are more males than females among the respondents of this study. 77.6 per cent of the total respondents of this study are males, while the remaining 22.4 per cent are females. In continuation, on Table 4.3, 10 per cent of the total respondents of the study are between the ages of 21 to 30. 73 per cent are between the ages of 31 -60, while the remaining 17% are above 60 years. It is therefore, noticeable that most of the respondents of this study are between the ages of 31 to 60. This is expected as that age bracket (i.e., 31 – 60years) is the period most people in Nigeria venture into business.

Most of the respondents of this study are first degree holders as they constitute 72.9 per cent of the total respondents of this study, while a meagre 27.1 per cent are secondary school leavers. This is expected to be so, as only those people that are either owners or managers or executive are allowed to be part of the respondents of this study. To attain to such height in a firm in most cases, such people must be at least first degree holders.

Most of the respondents of this study are the owners of their businesses. They constitute 52.7 per cent of the total respondents. 4.9 per cent are executive officers, while 22.4 per cent are managers but not the owners of the business. Finally, 20 per cent of the respondents constitute other top ranking officials. It is therefore deduced that most of the respondents of

this study are the owners of their businesses, following are executive officers, then other top ranking officials.

Finally, Table 4.3 also shows the line of businesses in the study. A significant proportion of sampled respondent are service firms with 63.8 per cent, while 32.4 are manufacturing firms. On the other hand, 3.8 per cent of the total respondents are in agriculture, wholesale and retail trade.

#### 4.5 Descriptive Statistics

This section provides descriptive statistics of the variables of the study, using mean and standard deviation. The result is presented on Table 4.4.

Table 4.4  
*Descriptive Statistics of Variables*

<b>Variables</b>	<b>Sample</b>	<b>Mean</b>	<b>Std. Deviation</b>
Performance	424	3.59	0.98
Economic Environment	424	3.42	1.01
Sociocultural Environment	424	3.56	0.99
Technology Environment	424	3.36	1.14

**Source: Field Survey, (2018)**

Table 4.4 presents the descriptive statistics of the variables of the study. They are performance, economic environment, sociocultural factors and technological environment. All the variables of the study were measured on a five-point Likert scale. Table 4.4 showed a mean response of 3.59 on performance, having a standard deviation of 0.98. A mean response of 3.42 on economic environment with a standard deviation coefficient of 1.01 shows that respondents agreed to statements on economic environment. Sociocultural environment has a

mean of 3.56, having a standard deviation of 0.99 which mean customers also agreed to statement on sociocultural environment. Finally, technology environment has a mean of 3.36 and a standard deviation of 1.14. This is above average, which means customers are developing favourable perception toward technology environment of the operating SMEs. Performance has the highest mean response, while technology environment has the least mean response.

#### **4.6 Assessing Model Fit**

Assessing model fit is a composite reliability used to evaluate internal consistency, individual indicator reliability and average variance extracted (AVE) to evaluate convergent validity.

#### **Measurement Model**

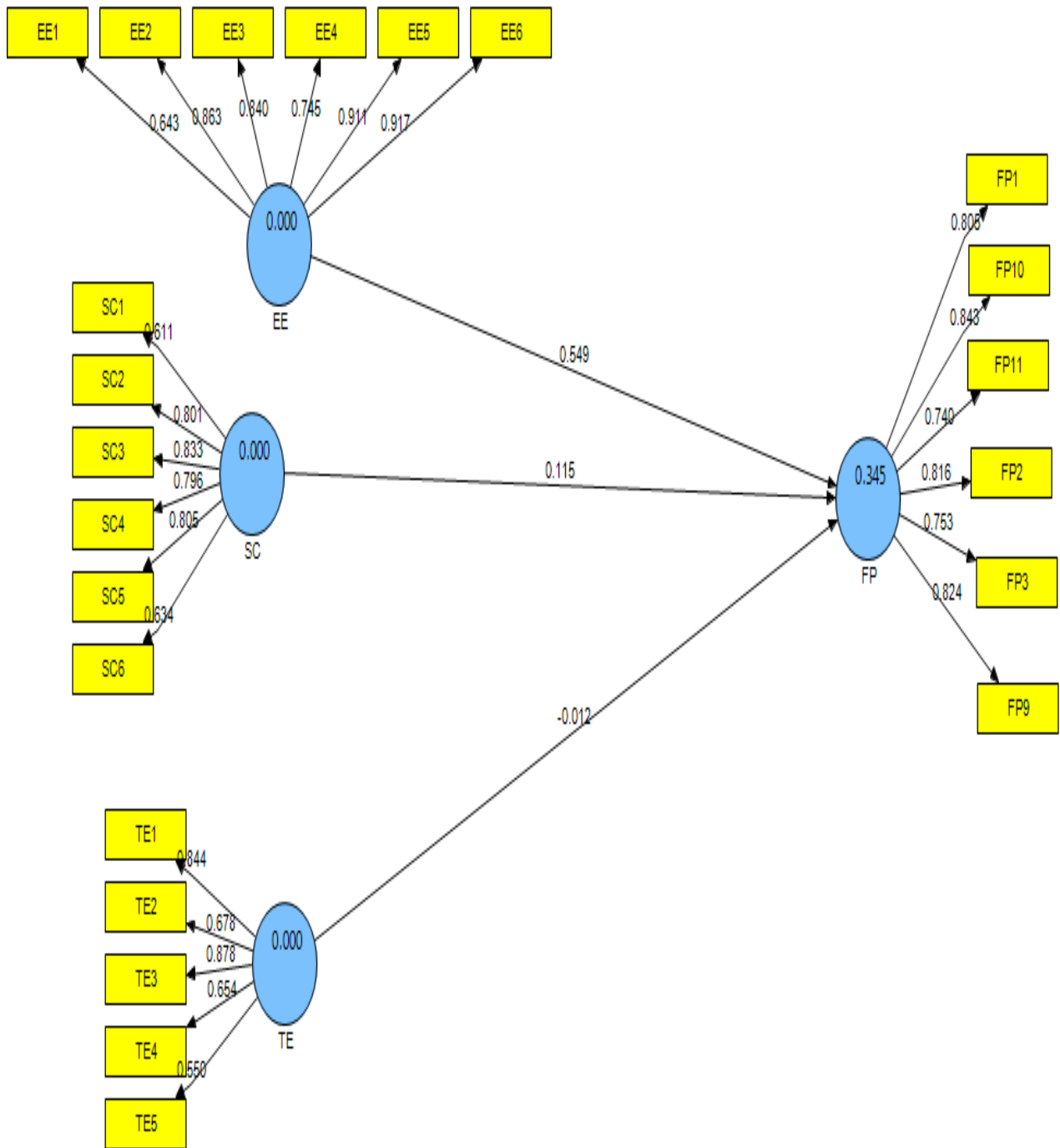


Figure 4.1  
Measurement Model

Figure 4.1 above shows how the model fit the study with individual indicators showing the reliability and the validity of the variables. Table 4.5 below further explains the figure.

Table 4.5

*Construct Reliability and Validity*

<b>Construct</b>	<b>Items</b>	<b>Loadings</b>	<b>AVE</b>	<b>CR</b>	<b>CA</b>
Performance	PRF1	0.81	0.64	0.91	0.845
	PRF2	0.82			
	PRF3	0.75			
	PRF9	0.82			
	PRF10	0.84			
	PRF11	0.74			
Economic Environment	EE1	0.64	0.68	0.93	0.715
	EE2	0.86			
	EE3	0.84			
	EE4	0.74			
	EE5	0.91			
	EE6	0.92			
Sociocultural Environment	SC1	0.61	0.57	0.88	0.759
	SC2	0.80			
	SC3	0.83			
	SC4	0.80			
	SC5	0.81			
	SC6	0.63			
Technology Environment	TE1	0.84	0.53	0.85	0.643
	TE2	0.68			
	TE3	0.88			
	TE4	0.65			
	TE5	0.55			

**Source: Field Survey, (2018)**

Note: AVE represents Average Variance Extracted; CR represents Composite Reliability; CA represents Cronbach's Alpha

On Table 4.5 all constructs have a Cronbach's Alpha coefficient above .70. Expect for technology environment that has a coefficient below .7. A construct having a Cronbach's Alpha coefficient of less than .7 can be ignored, provided other construct in the model has a

Cronbach's Alpha coefficient greater than 0.7 (Hair et al, 2014). All construct met the minimum benchmark for both composite reliability and AVE. which is 0.7 and 0.5 respectively.

Factor loadings should not be below 0.5 (Hair *et al.*, 2014). All items loaded above 0.5 on Table 4.5, were retained. Although, PRF4-8 were deleted as they loaded below 0.5. Also, the AVE and composite reliability of each variable on Table 4.5 is above 0.5 and 0.7 respectively, which serves as the minimum threshold for AVE and composite reliability.

Table 4.6  
*Discriminant Validity using Fornell-larcker criterion*

Construct	1	2	3	4
1 Performance	<b>0.83</b>			
2 Economic Environment	0.58	<b>0.80</b>		
3 Sociocultural Environment	0.25	0.25	<b>0.75</b>	
4 Technology Environment	0.11	0.05	0.02	<b>0.73</b>

**Source: Field Survey, (2018)**

Note: The bolded diagonal numbers represents the square root of the AVE of each latent construct.

Table 4.6 is the result of discriminant validity. For there to be discriminant validity, the square root of AVE of each construct must be higher than other correlations. The AVE of performance is 0.83. All other correlations below 0.83 are lesser than .83. Similarly for economic environment, the AVE is 0.80. All other correlations column and row wise are below .80. Likewise for socio-cultural environment with AVE coefficient of 0.75. All other correlations column and row wise are below 0.75. Finally for technological environment, having AVE coefficient of 0.73. All other correlations column and row wise are below 0.73. Judging by the Fornell-larcker discriminant validity criterion, the data shows that discriminant validity has been achieved, as the square root of AVE of each construct is higher than other correlations (Garson, 2016).

#### 4.7 Bootstrapping Analysis

A bootstrapping analysis was carried out to determine the direct effect of the independent variables on the dependent variable of the study. The study carried out bootstrapping analysis using 5000 subsamples using 424 cases. Based on the result, figure 4.2 is presented, which shows the structural model of the direct impact of economic, socio-cultural and technology environment on performance of SMEs.

### **Structural Model**

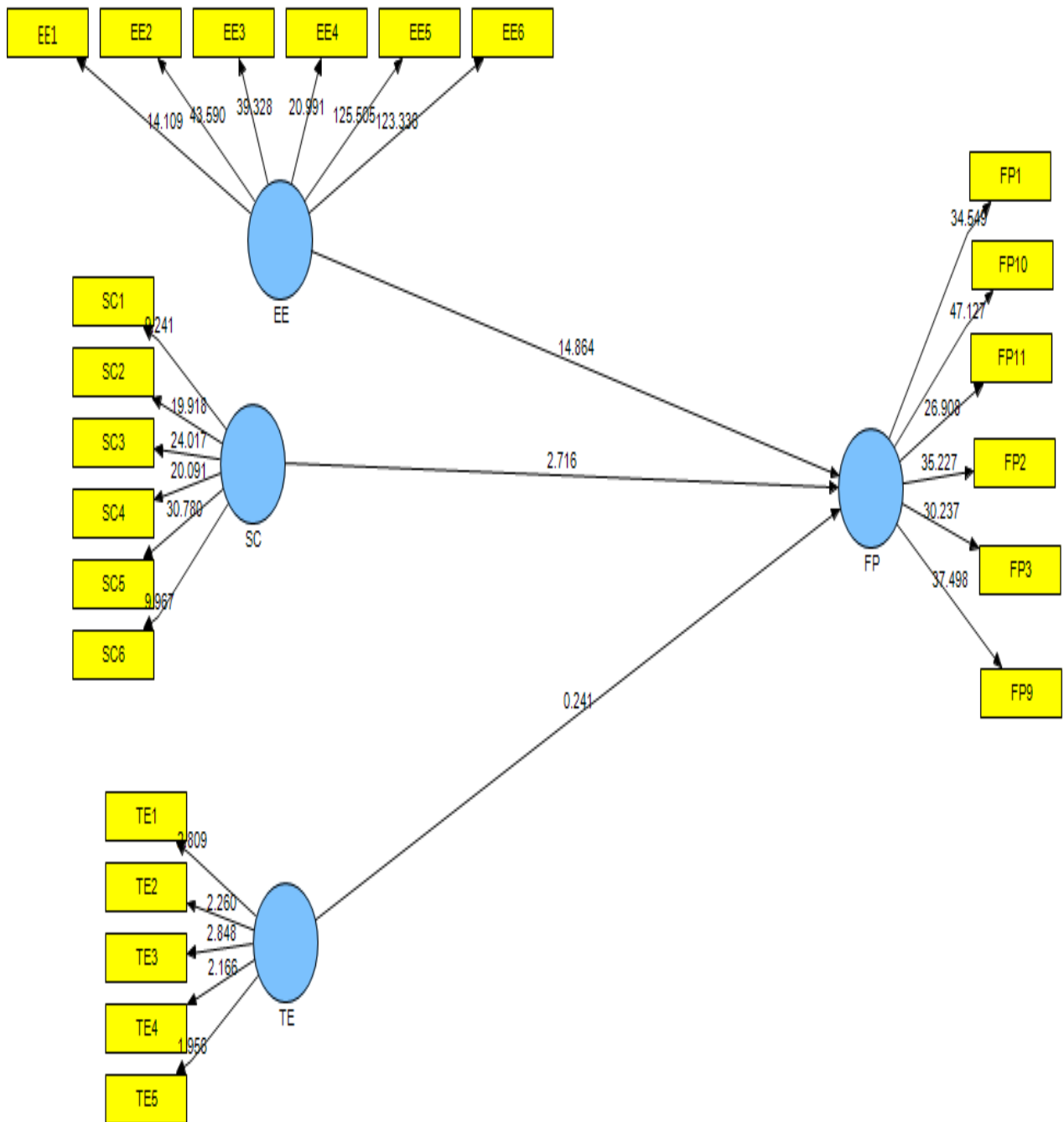


Figure 4.2  
*Structural Model*

Figure 4.2 above was used to estimate the path model to view the sampling distribution in order to determine the standard error and the standard deviation of the estimated coefficients distribution in the population.

#### 4.7.1 Test of Hypotheses

The study tested for the effect of economic environment, sociocultural environment and technological environment on SMEs performance. Thus, testing hypotheses 1, 2 and 3. Table 4.7 presents the result of the test of hypotheses.

Table 4.7  
*Path Coefficient*

Hypotheses	Beta Value	Standard Error	T Stat	P Value	Decision
H <sub>01</sub> : EE->PRF	0.55	0.04	14.86***	0.00	Rejected
H <sub>02</sub> : SC->PRF	0.12	0.04	2.72***	0.01	Rejected
H <sub>03</sub> : TE->PRF	-0.01	0.05	0.24***	0.81	Fail to Reject
Adjusted R <sup>2</sup>	0.345				

**Source: Field Survey, (2018)**

\*\*\* p< 0.01; \*\*p< 0.05; \*p <0.1

From Table 4.7, it can be deduced that economic environment factor has a positive effect on the performance of SMEs. It is significant at P value <.01. This means a unit change in economic environment factor will lead to 55% SMEs performance. Therefore, H<sub>01</sub> that states that economic factor has no significant effect on the performance of SMEs in Oyo State is hereby rejected. Similarly, sociocultural environment factor has a positive significant effect on performance, significant at <.05. This means as sociocultural environment factor increase by one unit, SMEs performance increases by 12%. Thus, H<sub>2</sub> that states that sociocultural environment factor has no significant effect on the performance of SMEs in Oyo State is also rejected. However, Technology environment has a negative effect on performance, however, not significantly related to performance. Therefore, H<sub>3</sub> that states that technology factor has no significant effect on the performance of SMEs in Oyo State is not rejected.

Adjusted R square for this study is 34.5 per cent. Therefore, 34.5% variance in the performance of SMEs is explained by economic environment, sociocultural environment and

technology environment. Table 4.8 was used to determine the effect size of the independent variables of the study on the dependent variable.

#### 4.7.2 Effect Size of Exogenous Variables

Table 4.8  
*Effect Size*

<b>Construct</b>	<b><math>f^2</math></b>	<b>Effect Size</b>
Economic Environment	0.42	Large
Sociocultural Environment	0.02	Small
Technology Environment	0.00	No Effect

**Source: Field Survey, (2018)**

Table 4.8 shows the effect size of economic environment, sociocultural environment and technology environment on performance. Technology environment has no effect on SMEs performance. However, economic environment has large effect on SMEs performance, while sociocultural environment has small effect on SMEs performance. Therefore, in the model of this study, economic environment is the most important predictor of SMEs performance as it shows a large effect size on the performance of SMEs in Oyo State.

#### 4.7.3 Predictive Relevance of Exogenous Variables

The study utilised the Stone-Geisser's  $Q^2$  value to assess the predictive relevance of the exogenous variables. The result is presented in Table 4.9.

Table 4.9  
*Predictive Relevance of Exogenous Variables*

<b>Construct</b>	<b>SSO</b>	<b>SSE</b>	<b><math>Q^2 = 1 - SSE/SSO</math></b>
Performance	2544.000000	2003.023910	0.21

**Source: Field Survey, (2018)**

Note: SSO represents Sum of squared of observed omitted values; SSE represents Sum of Squared Error

Table 4.9 presents the result of cross-validated redundancy of the relationship between economic, sociocultural, technology environment and SMEs performance.  $Q^2$  is greater than

zero which shows the predictive relevance of the direct path model. The model has medium degree of predictive relevance on performance (Cohen, 1988).

#### **4.8 Discussion of Findings**

The broad objective of this study was to examine the effect of external business environment on performance of SMEs in Oyo state. Based on the previous empirical studies, the general findings obtained from the hypotheses testing were discussed as follows.

##### **4.8.1 Economic Environment and Performance of SMEs**

Economic environment was discovered to have a positive significant effect on performance of Small and Medium Enterprises in Oyo state. Going by the result, owners and manager of SMEs have positive perception toward the economic environment and that organization impinges upon the operations of a business other than the availability of capital and the ability of the managers or owner himself. Customers today tend to have control of the economic environment no matter the economic policies put in place by the government. The economic policies are having positive impact on customers. This might be responsible for the positive effect economic environment has on SMEs performance. Thus, as a customer continues to have control over the economic environment, performance of SMEs will continue to increase. This findings is in line with the study of Nwekpa and Ewans (2015), Adeoye and Elegunde (2012) and Sofyan and Primiana (2015), as the authors concluded that economic environment is significantly related to SMEs performance.

##### **4.8.2 Socio cultural Environment and Performance of SMEs**

Socio cultural environment was also seen to have positive significant effect on performance of Small and Medium Enterprises in Oyo state. This means that owners/manager of a business are presently to some extent satisfied with the cultural environment in which their business is set. It is a known fact that socio cultural environment is very vital for every business enterprises to perform efficiently. A good example is taking a feasibility study on the environment before starting any business, this will make the owner/manager to know the culture of the environment before venturing into the environment to know the products and services he/she want to start producing and selling. This means that the more owners/managers understand the socio cultural environment, the higher the SMEs performance in Oyo state. The result is consistent with the findings of Felicia *et al*(2013), Ozigbo (2014), Vincent and Ifeanyi (2015), as the authors find a significant relationship between socio-cultural environment and performance of SMEs.

#### **4.8.3 Technology Environment and Performance of SMEs**

Findings reveal that technology environment has a negative effect on performance of Small and Medium Enterprises in Oyo state. This means that technology does not play an important role in the performance of an organization. As such, a business will be able to perform with or without technology in the environment. The technology development need a careful and timely strategy formulation, while competitors would take a lead in the market position, others will be lagging behind. Therefore, the findings are supported with the study of Hassan (2010) and Audrey (2016) as these authors found out that technology environment is not significantly related to SMEs performance.

#### **4.9 Implications of the Study**

The study examined the effect of external business environment on performance of Small and Medium Enterprises in Oyo State and has come up with some findings. Thus, making it imperative to discuss both managerial and theoretical implications of the study.

#### **4.9.1 Managerial Implication**

One of the managerial implications of the study is that the study provides owners and management of SMEs to remain competitive enterprises. Using the result of this study, economic environment has the highest effect on SME performance, other than sociocultural and technology environment. Thus, managers and owners of SMEs will do well by giving higher importance to economic environment. Sociocultural environment is seen to have effect on firm performance. Managers will also do well by paying attention to their sociocultural environment. As a result of this study, managers and owners of SMEs now know which of economic, sociocultural and technology environment has the most effect on SME performance.

#### **4.9.2 Theoretical Implication**

The major theoretical contribution of this is the combination of the three variables used to measure external business environment on SMEs performance in Oyo State. Most previous related study have studied external business environment on performance of either banks and manufacturing sector of SMEs. Literature that has considered using the three categories of external business environment among the various categories of external business environment have studied the environment on performance of large enterprises. More so, few studies have studied these three categories of external business environment in Nigeria. However, there is no study that has look at these three variables on performance of Small and Medium Enterprises in Oyo State as at the time when this study was carried out.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

Satisfying the customers in the business environment have always been the primary target of the owners and managers of business enterprises in the country. This lead owners and managers of business enterprise to roll out various strategies adopt varieties of technology and have knowledge of the environment to improve on the quality of goods produce in order to meet the demand of the customers. Data available on the Small and Medium Development Agency of Nigeria website shows the failure of SMEs leading to their poor performance. Thus making it difficult for owners and managers of the business enterprise to hold on to all their customers in order for the business enterprise to achieve their performance. This makes studies as this important to be carried out periodically.

Three hypotheses were formulated for testing. In testing the hypotheses, the study utilised inferential statistics using SmartPLS3. The population of the study comprises of the registered SMEs operating in Oyo state. The study is cross-sectional in nature. 424 questionnaires were used for analysis. Data analysis was done using structural equation modelling.

Result of the analysis show that economic environment has positive significant effect on performance of SMEs; just as socio-cultural environment has positive significant effect on SME performance. When testing for technology environment on performance of SMEs, technology environment was found to have negative but not significantly related to performance of SMEs. The effect of economic and socio cultural environment has the higher effect on performance of SMEs.

## **5.2 Conclusions**

In line with the finding for economic environment that has positive and significant effect on performance of small and medium enterprises in Oyo state with a large effect size, it is therefore concluded that economic environment of a business plays a prominent role in determining its performance.

Again, socio cultural environment that found to also have positive and significant effect on performance of small and medium enterprises in Oyo state with a small effect size on the business, the study concluded that socio cultural environment is also important in influencing enterprises to perform efficiently.

Technology environment of a business that is found to have a negative impact on performance of SMEs in Oyo state with no effect on the business, it is therefore concluded that technology environment of a business plays a minimal role on the performance of a business enterprises.

As a result, knowing the best environmental factor impacting the performance of SMEs in Oyo state, it is important for owners and managers of SMEs to be able to pay more attention on these environmental factors in other to perform efficiently. On the basis of the findings of

this study, it can be concluded that external business environment has positive effect on performance of SMEs in Oyo state.

### **5.3 Recommendations**

A high performing SMEs is beneficial to all stakeholders and the nation in general. The contributions that SMEs offer are achievable only when there is a conducive business environment. In view of the findings that emerged from this study and the conclusion drawn, the study recommends that:

- i. Owners/managers of business enterprise should have positive perception toward the economic environment as customers today tend to have control of the economic environment. As such, producing quality goods to the environment that meets the demand of customers will increase the performance of the business.
- ii. SMEs owners/manager should be able to adapt to the cultural environment in which their business is set. Owners and managers should also produce what the environment want; this can be done by doing a feasibility study to know what the environment really need. This will make the business to be able to perform efficiently and achieve it's set objectives.
- iii. Prompt knowledge of new technologies should be adapted by the owners/managers of SMEs as it will go a long way in enhancing the quality of goods and services. Whenever, there are changes in technology, managers should always ensure that their customers are considered first. This will make the business enterprises to perform effectively.

iv. Government should create enabling environment for both existing and potential investors in the sector. This can be done through improvement of infrastructural facilities such as access to good road, stable electricity among others so that the SMEs can have a favourable business environment to operate.

#### **5.4 Contribution to Knowledge**

From the review of literature, it is seen that few studies such as Bayode (2012), Olatunji (2015) and Adeoye (2015) are available as at when this study was carried out to the researcher that has studied the effect of external business environment using economic, socio cultural and technology as external environmental factor on performance of Small and Medium Enterprise. This thus amount to a great scarcity in the literature on the effect of the exogenous and endogenous variables of the present study.

However, there are differences between this study and that of Boyode (2012), Olatunji (2015) and Adeoye (2015). The sample size used for analysis in their study was statistically inadequate; this flaw was remedied by this study. Also methodologically, their study failed to report the validity of the constructs used in their study, i.e., convergent and discriminant validity. Also, the study failed to carry out test of nonresponse bias and test of common method bias. Finally, this study was carried out during the period of economic recession, to determine which of economic, socio cultural and technology environment has the higher effect on performance of SMEs, which was not done in their study. Consequently, this study therefore differs from the study Boyode (2012), Olatunji (2015) and Adeoye (2015) for these reasons. This study thus contributes to the body of knowledge.

#### **5.5 Suggestions for Further Study**

This study could be replicated by covering a larger geographical area, so that generalisations can be made. Other environmental factors can be included in the model for further theoretical contributions. The study could be replicated in other sectors of the economy other than the SMEs sector. A comparative study can be carried out on other SMEs sector that falls among the limitations of the study to determine which of the environmental factors has the most effect on SMEs performance.

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## **Appendix A: Questionnaire**

Ogundare Jeremiah Ayodele  
MSc Student (P15ADBA8008),  
Department of Business Management

Ahmadu Bello University, Zaria.

Dear Respondent,

### **Questionnaire Design**

The above-named researcher is currently carrying out a research titled **Effects of External Business Environment on Performance of Small and Medium Enterprises in Oyo State.**

I humbly request that you partake in this research by filling the questionnaire below by ticking the most suitable option. Please be informed that all information obtained through this questionnaire is solely for academic purpose thus, all responses would be kept confidential.

**SECTION A: BIO DATA**

1. Please indicate your **gender**  Male  Female
2. Please indicate your **age** (Years)  10-30  30-60  60& above
3. Educational Background  Secondary  Tertiary  Others
4. Please indicate your **current position** in this firm  Owner-manager  Executive  Manager  Other
5. Please indicate the number of years that you have held your current position in this firm  1-20  20-50  50 & above.
6. This firm is mainly a  Manufacturing organization  Service organization  Otherwise
7. Which of the following categories best describes it?  Sole Proprietorship  Private liability company  Family Business  Partnership  Others
8. How long has this firm existed/operated in the enterprise?  1-10  10-20  20& above years.
9. On the average, how many employees have this firm kept over the past years?  1-10  10-49 Employees  50& above.

<b>ECONONMIC ENVIRONMENT</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Increase in interest rate is a major factor in your environment					
2. Quantity of goods to be produced is been determine by the environment					
3. The demand of goods and services in the environment is mostly determine by exchange rate					
4. Unemployment rate in the environment has cause low production of goods					
5. Business growth is determine by economic policies put in place by government					
6. Business growth is mostly determine by economic climate					

<b>SOCIO-CULTURAL ENVIRONMENT</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
7. SMEs owners/Managers allow employees time for religious activities					
8. SMEs owners/manager employ individuals with the same cultural background					
9. Owners/Managers of SMEs give priorities to employees during during religious celebrations					
10. Owners/Managers make it mandatory for employees to come to work on public holidays					

11. SMEs owners/managers should encourage and try to improve the level of education by giving them benefit					
12. Owners/managers of SMEs gives health insurance to their employees					

<b>TECHNOLOGY ENVIRONMENT</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
13. Business activities is mostly determine by technological change and development					
14. New technological product brings increase in sales					
15. New technological process reduce time in production of goods and services					
16. Access to internet increases customers patronage					
17. Access to telecommunication network make customers' get their order on time					

<b>SMEs PERFORMANCE</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Your sales volume is increasing overtime					
2. In relation to the resources committed, your overall market performance has improved					
3. You are experiencing remarkable market growth for your business					
4. Your customers are happy with the superior value of your products/services relative to your competitors					
5. Your customers are happy with your long term customer relationship strategy					
6. You often receive complementary phone calls/letters about your products					
7. Your customer complaints are addressed in time					
8. On-time deliveries are made in your organization					
9. Your business is becoming more profitable					
10. The revenue of your business has increased over the last few years					
11. The return on investments in your organization is good					

## Appendix B

### Overview

	AVE	Composite Reliability	R Square	Cronbachs Alpha
Economic Environment	0.68	0.93		0.715
Firm Performance	0.64	0.91	0.345	0.845
Sociocultural Environment	0.57	0.88		0.759
Technological Environment	0.53	0.85		0.643

## Appendix C

### Latent Variable Correlations

		1	2	3	4
1	Economic Environment	1			
2	Firm Performance	0.57	1		
3	Sociocultural Environment	0.25	0.25	1	
4	Technological Environment	0.10	0.05	0.02	1

## Appendix D

### Construct Cross Loadings

	EE	FP	SC	TE
EE1	<b>0.64256</b>	0.26523	0.221656	0.037292
EE2	<b>0.86291</b>	0.471745	0.24095	0.087504
EE3	<b>0.840273</b>	0.459952	0.235686	0.073854
EE4	<b>0.744945</b>	0.357548	0.223378	0.106467
EE5	<b>0.911425</b>	0.576648	0.193716	0.113054
EE6	<b>0.916685</b>	0.60805	0.175652	0.106412
FP1	0.419282	<b>0.805022</b>	0.277815	0.035304
FP10	0.559542	<b>0.84321</b>	0.183333	0.046008
FP11	0.39473	<b>0.739814</b>	0.096841	0.028977
FP2	0.478872	<b>0.816315</b>	0.23671	0.069321
FP3	0.352677	<b>0.752847</b>	0.154487	0.032365
FP9	0.5081	<b>0.823647</b>	0.23783	0.028134

SC1	0.14681	0.088912	<b>0.610838</b>	0.028967
SC2	0.253447	0.16797	<b>0.800619</b>	0.063598
SC3	0.270185	0.199306	<b>0.833426</b>	0.05734
SC4	0.120537	0.164272	<b>0.795773</b>	0.032279
SC5	0.151988	0.250521	<b>0.804948</b>	0.012509
SC6	0.182483	0.199359	<b>0.633816</b>	-0.06195
TE1	0.102507	0.039706	0.010527	<b>0.844128</b>
TE2	0.063093	0.021314	0.047689	<b>0.677774</b>
TE3	0.09571	0.05731	-0.02012	<b>0.878274</b>
TE4	0.064551	0.024702	0.08391	<b>0.653755</b>
TE5	0.061297	0.02433	0.03738	<b>0.550024</b>

#### Appendix E

##### Cross Validated Communality

Total		SSO	SSE	
EE		2544	810.2568	
FP		2544	861.6241	
SC		2544	1105.666	
TE		2120	992.6091	

#### Appendix F

##### Multicollinearity Statistics: VIF Values and Tolerance

Construct	Tolerance	VIF
Economic Environment	0.992	1.084
Sociocultural Environment	0.928	1.077
Technology Environment	0.989	1.011

#### Appendix G

##### Descriptive Statistics of Variables

Variables	Sample	Mean	Std. Deviation
Performance	424	3.59	0.98

Economic Environment	424	3.42	1.01
Sociocultural Environment	424	3.56	0.99
Technology Environment	424	3.36	1.14

## APPENDIX H

### LIST OF SMALL AND MEDIUM ENTERPRISE OWNERS IN OYO STATE

S/N	NAMES	ADDRESS
1	Odu'a Investment Company Ltd	Floors 20-23, Cocoa House, Oba Adebimpe Road Dugbe, Ibadan
2	Advans Nigeria	2 Adekunle Fajuyi Road, Dugbe Ibadan
3	Bethany Human Development Centre	No 7, Olubi Road, Okunola Abass Estate, Off Favors Road New Bodija
4	Dominican Centre for Human Resources	Km 9, Ibadan – Oyo Road, UI Post office Moniya Ibadan
5	Fouani Nigeria Ltd	15 Obafemi Awolowo Way j.allen, Dugbe Ibadan
6	Hotel Solutions Consultancy Nigeria Ltd	4, Dosu Babatunde Street, Town Planning, Off Ring Road, Ibadan
7	Jonathan King Ltd	1 <sup>st</sup> and 6 <sup>th</sup> Floors, Cocoa House, Ibadan
8	Oyebade Oyedepo And Co	9 <sup>th</sup> Floor, Cocoa House, Ibadan
9	Schwartz Kristoffel	4 <sup>th</sup> Floor, Cocoa House, Oba Adebimpe Road Dugbe, Ibadan
10	Tuned Adejumo & Co	First Floor, Suite 1, Old Kingsway Building, Dugbe Ibadan
11	University Press Plc	Three Crowns Building, Jericho, Ibadan
12	Zictech Electric Enterprises	Suite 17 & 24, Miksi Shopping Complex Oke-Ado Ibadan
13	Bold EMC Limited	Suite A9, Choice Plaza, Beside Cran Chemist, Challenge, Ibadan
14	Centre for Human Development	Trumed House, Floor 1 Suite 1, New Adeoyo Hospital Road Ibadan
15	Feiseys & Company Nigeria Ltd	Suite 3, POWA Shopping Complex, Iyaganku Road Dugbe, Ibadan
16	Perfect Holders Limited	Cocoa House Building, Dugbe Ibadan
17	Rom Oil Mills Limited	No 9 Oluyole, Ibadan South West
18	Baltesh Agro Nigeria Enterprises	Oke Bola Ibadan South West
19	Sam Engineering Works	Oluyole Ibadan South West
20	Aos Business World	Liberty Road Ibadan South West
21	Alhaji Sefiu Azeez Bintin-Laye Limited	Alakia, Ibadan South West
22	Baminco Nigeria Limited	Jericho Ibadan South West
23	Deep Earth Resources Limited	No 16 Town Planning Oluyole Ibadan South West
24	Davric Nig Ltd	Ring Road, Ibadan South West
25	Altak Industries Limited	Km 8, Old Lagos Road, Opposite New Garage Challenge Ibadan

26	Bevpak Nigeria Limited	Km 3 Ibadan-Lagos Expressway, Sanyo Ibadan
27	Isoglass Industries Nigeria Ltd	Block E, Plot 17 Oluyole Industrial Estate, Ring Road, Ibadan
28	Nampak Nigeria Cartons	Km 9, Ibadan-Lagos Expressway, Oluyole Ibadan
29	Premier Feed Mills	1 Eagle Flour Road, Lagos/Ibadan Expressway, Toll Point, Ibadan
30	Rom Oil Mills	Ibadan Ijebu Ode Road, Idi Ayunre Junction, Ibadan
31	Sweetco Foods Limited	9, Obafemi Awolowo Road, Ibadan
32	MORAB ALUMINIUM	Shop P216, Powa Shopping Complex Beside Saki Garage, Sango Ibadan
33	Alafia Bakery	SW7/225, Oke Bola, Ibadan
34	AquaDana	Ashmina Limited, 8A, Olubadan Ind. Est. New Ife Road, Ibadan
35	Bola Bakery	Holy Trinity Road, Old Ife Box 9443 U.I Ibadan
36	Animashaun International Honey	Plot 8, Wema Bank Street, Igboho, Orelope Oyo
37	Besley Nigeria Enterprises	Plot 1, House 1 Anifade Industrial Estate, Ibadan
38	Dupkin Nigeria Ltd	Plot 11 & 12 Kinji Industrial Estate, Oyo
39	Chribon Industries Nigeria Ltd	Industrial Estate, Dugbe, Ibadan
40	Fola Coker Nigeria Enterprises	Plot 5, Coker Layout, Idi-Ishin, Ibadan
41	Fides Investment Ltd	Plot 141, Akorede Layout, Felele, Ibadan
42	Ginger- All Nigeria Ltd	Aduloju B/stop, Oja-Iwu Road, Expressway, Ibadan
43	Inribon Industries Nigeria Ltd	Industrial Estate, Dugbe, Ibadan
44	Jomartak Industries Nigeria Ltd	SW9/678, Elewura Street, Challenge, Ibadan
45	Mazada Ventures	No15, Alhaji Azeez Adeosun Street, Alakia Village, Ibadan
46	Micdam Nigeria Enterprises	Road D, Tinuoye Estate, Ojo, Shonekyin, Ibadan
47	Murray International Co	Opp. Tola House, Boroboro Area, Agunpopo, Oyo
48	OB Ariyo & Sons Nig Enterprises	No 269, Olorungboija Street, Akanran Road, Oluyole, Ibadan

49	Olaunique Global Investment Nig Ltd	Plot 6/7 Mechanic Village, Apata Road New Garage, Ibadan
50	Tundex Telecommunication Nig Ltd	Oke-Ado Market Opp Liberty Stadium, Dugbe, Ibadan
51	Raincache Ltd	Shoderu Junction, Odo-ona Elewe Road, Oluyole, Ibadan
52	Oken Analytics Enterprise	University of Ibadan, Ibadan, Oyo state
53	House of Maballa Events and Decoration	31, Adebajo street New Bodija Ibadan

54	Megarem Immigrations	42, Oyo Road Coca Cola Sango Ibadan
55	Golden Tulip Ibadan	Quarter 781, G.R.A Jericho, Ibadan
56	Xtreme Imagery	Adjacent Nigeria Immigration Service, Agodi G.R.A, Ibadan
57	Morkem Vizuals	No2, Prof OLU Osokoya, Emmanuel College Estate Agbowo, Ibadan
58	Agbeke's Way Shoes, Bags and Appareal	37 Ososami Road Next to Canac Optical Oke-Ado, Ibadan
59	Fresh Studio	Apollos Lounge and Bars, Shoprite Ring-Road, Ibadan
60	Ur dental Place	Jubilee Hospital, Behind Expoyo, Samonda, Ibadan
61	Klirview Integrated Nigeria Limited	First floor Ance Building, Jericho Area, Ibadan
62	SAF Furniture by Black Horse Plastics	Km 12, Old Lagos Road, Ibadan
63	Prime Pythagoras Construction & Co Ltd	T112a Jeje Temidire, Apete, Ibadan, Oyo state
64	My Figure 8 Wellness Hub	Plot 22, Block 34, Alaafin Avenue, Oluyole Estate, Ibadan
65	Purples Lighting Company	University of Ibadan, Ibadan Oyo state
66	Ramvic Trendy Services Limited	SW9/624c, Sunny Plaza, Beside Mauve 21, M.K.O Way, Ibadan
67	Verkies Digital	100, MKO Abiola Way, Beside GTBank, Ring Road, Ibadan
68	IQB Dry-Cleaning and Laundry Services	EY6/13 Fadairo Street, Iyanda House, Orita-Challenge, Ibadan
69	EagleCruX Integrated System	8 Abiodun Akerele Street Off Awolowo Avenue, Old Bodija, Ibadan
70	FlashSystems Technologies	No 60 Darlington Street, Mokola, Ibadan, Oyo state
71	Linkhold Exuberant Solutions	No. 14 Oluyole Industrial Estate, Ibadan, Oyo state
72	Big Field Digital	Tafotech Building, Oni & Son, Ring Road, Ibadan
73	SAFEWAY Dermatology & Laser Centre	7, Keke Bus Stop, Off Olodo Bank, Olodo, Ibadan
74	AppClick Technology	First Floor Suite 2, Ile Itesiwaju Building, Dugbe Ibadan
75	Ashadam Solar Company Limited	57/588B, Behinde Real Food and Wine, Lagos Road Challenge, Ibadan
76	Avant Tecno Nigeria	Bayse One Plaza, Adeoyo Roundabout, Ring Road, Ibadan
77	BeingMard Clothing (BMC)	Plot 5, FRCN Coop Estate, Olosan Bus Stop Odo Ona Elewe Challenge
78	Business Consultants Nigeria	28 Arigidi Street Bodija Estate, Ibadan
79	Civet Visual Studios	14 Alafia Estate, New Airport Alakia, Ibadan
80	Donminio Digitals	3 Children Home School Road, College Crescent, Molete, Ibadan
81	FarmerGiant Nigeria Limited	Km3 Ibadan-Abiokuta Express Way, Apata, Ibadan
82	Primacy Edge Hub	15A Adebajo Street, Beside British African School, Kongi, Bodija, Ibadan
83	Top Performance Builders LTD	4, Dalute Estate, Off Akala Express, Ibadan
84	EFIZZY TRANSPORT SERVICES	Lafia Hotel Apata Ibadan, Oyo state
85	Fawzy Hotel	7 Adewunmi Layout, Off Akinyemi Way Ring Road, Ibadan
86	Novartis Cleaning Services	Suite 1, Albarakah Plaza, Favos, New Bodija, Ibadan
87	Parach Digital Marketing Training Hub	Suite A13 Gaaf Building Beside Keto Filling Station UI Second Gate
88	Ryna Hub	10, Olalekan Oladokun Street, Opp Fam Hotel Estate Off Aare Ibadan

89	Darul Rahmat Resources Limited	Shop B, Suite 27&28, Moore Shopping Complex Onireke Dugbe Ibadan
90	Datina Dsigns	No 66, Polythecnic, Sango, Eleiyele Road, Opp Con Oil Filling Station
91	Lamidi Ajadi & Sons Nig Ltd	Iwo Road Round About P.O Box 4739 G.PO, Ibadan
92	Olajide Ideas Concept	Old Bodija Ibadan, Oyo state
93	Raintech Nigeria Limited	21, Ore Ofe Street, Jagun Bus Stop Old Ife Road Ibadan,
94	Trigital Hub	17, Major Salawu Street, Agbowo, University of Ibadan
95	Wealth Academy Nigeria	28 Arigidi Street, Bodija Estate, Ibadan
96	West-Bay Nigeria	West-Bay Nigeria, No 58 Gbadebo Street, Mokola, Ibadan
97	CAPSFEED LIMITED	Capsfeed Limited, Olaogun B/STOP, OLD IFE ROAD, Ibadan
98	Forty3 Creative	5, Church Road, Ashi - Bodija, Ibadan
99	Model Safety Care Concepts	Ring Road, Ibadan, Oyo state

100	Tolumi, The Fashion People	13, Okunola Abbas, Ibadan, Oyo state
101	Emeraldagro Nig Limited	Farm at Ilegbon Along Iwo Road Ibadan
102	Fisayo Akintokun & Associates	No 4 Quadri Street Felele Layout, Felele, Ibadan
103	Keji Farms and Ventures	30-30, Cattle Market, Dan Bala Stand, Bodija Market, Ibadan North West
104	Maglands Creations	101 Ajibode Road, Alagogo Area, Ajibode, Ibadan
105	Moratom Engineering Limited	Moratom Building Olororo Bus-Stop, Orita Challenge, Ibadan
106	ABM Multisector LTD	6 Aluko Street, Challenge, Nigeria, Ibadan
107	Bisoye Adedayo	1 Floor Oxford Building, Dugbe, Ibadan
108	Buffalo Lounge	Baale Way, Adetokun Junction, Ologuneru Road, Ibadan
109	Dolak Technological Services	DTS, Opp Airport Police Station, Airport Road, Alakia, Ibadan
110	Firmware System Solution	23, Awolowo Road, Bodija, Beside Restoration Bridge Bodija-Oja Ibadan
111	Halaal And Tayyib Resources	6, Chief Olubunmi Ibitoye Street, Oke Ado, Ibadan South West
112	Lincoln Construction Services	24 Centre Point Plaza Dugbe, Ibadan
113	Lizkins Catering Services	8 Joseph Owolabi Close, Iwo Road, Ibadan
114	O.B.A Global Resource Limited	Lanlate, Oyo state, Ibadan
115	Omotanwa Mi Spa	12 Aare Avenue Bodija, Ibadan
116	Parach ICT Learning Centre	Suite A13, Gaaf Building, Beside Keto Filling station, Orogun, Ibadan

117	Pathob Beddings	Shop 24, Police Complex, Opp Total Filling station, Ibadan
118	PaxAlpha Ltd	4, Olabisi Curve, Off Koyejo Street, Oke Bola, Ibadan
119	Charisprint	9, Bashorun Road, Bibilari Bus Stop, Idi Ape Bashorun Ibadan
120	Comfort – Links Solution	6, Ogunsola Street off Moremi Close Aare, Ibadan
121	HairWorld	35 Ondo Street Off Osuntokun Avenue Bodija, Ibadan
122	High Performance Business Coach	28 Arigidi Street, Bodija Estate, Ibadan
123	SEWAAB Nigeria ENTERPRISES	No3 Craig Close, Felele Layout, Ajacent Pinnacle Supermarket, Ibadan
124	Taiwo Salam & Co Properties Limited	Opp Moniya Garage Saki/Iseyin Road Moniya, Ibadan
125	Zeez Designs	Shop 4 Behind Adeline Hall Lead City University, Ibadan
126	African Biosciences Ltd	JaaGee House 88, Km 6 Ibadan- Ife Road, Ibadan
127	Boyawek Guest Amenities	House 6B, Unique Estate, Zone 8, Agbamu Road, Sanyo, Ibadan
128	Charis Blueweb Technologies	Bankole House, Abe-Bridge, Iwo Road, Ibadan
129	Climaxbox Company	33, Tejuoso Building Ajibade, Ibadan
130	EFABSHOP	Plot 2 and 4 Maja Bus Stop off Akala Express Ibadan
131	Fresible Company Limited	Suite 1&2, Abeni House, Beside Zenith Bank, 7up Road Off Ring Road
132	Olufemi Adesope & CO	3 <sup>rd</sup> Floor ANCE Building Magazine Road, Jericho, Ibadan
133	ORCHARD HOTELS	Link Reservation Onireke G.R.A off Ibadan Golf Club, Ibadan
134	Phoenix Film Productions	5 Alafia Street Olodo Ibadan
135	Supreme Rentals	6, Golden Age Plaza Jericho Ibadan, Oyo state
136	TACADE CONSULTING LIMITED	First Floor, Suite 1, Old Kingsway Building, Dugbe, Ibadan
137	Taonet Technologies	Ojoo Ibadan, Ibadan Oyo state
138	UNIQUE CARE SERVICES	13, Orisunmibare Street, Old Ife Road, Ibadan
139	Waka Internet Company	No1, Along Airport Road, Ibadan
140	BIDECKY CONSULT	8, Animashaun Street, Beside Teju Hospital, Aigbe, Ibadan
141	Bollyn Design	No1, Alade Layout, Ogbere Estate, Behind Ogbere Police Station, Ibadan
142	DEE-RIDE Commercial Services	E9/4220 PerChance Plaza, Iwo Road, Ibadan
143	Divine Grace Events Centre Ibadan	Adegbayi/Alakia Road, New Ife Road, Ibadan
144	EmpirePro LITE	Plot AA, Majaro Estate, Idi-Ishin Quarters, Jericho, Ibadan
145	Farm La Vida Consults	2, Chief Taiwo Layout, Adegbayi, Egbeda, Ibadan
146	Flint Media and Technology	12, Adeogun Street, Benbo, Apata, Ibadan, Nigeria
147	Genuine ICT Academy	1, Amole Street, Apata, Ibadan
148	Greenland Consult	No 9 Abeokuta Road, Apata, Ibadan
149	PS Accessories	Oyewusi Street, Ibadan
150	Trionia Integrated Services Nigeria Ltd	4, Obakayode Shopping Complex, Opp Mr Biggs, Old Ife-Road, Ibadan