J-MACC
Journal of Management and Accounting
Vol. 8, No. 1, April 2025

ANALYSIS OF ENVIRONMENTAL SCARCITIES, ENTREPRENEURIAL ADAPTATION, AND INSTITUTIONAL GAPS IN SMALL-SCALE ENTERPRISES IN NIGERIA

Kayode David Kolawole
Department of Accounting Science, Walter Sisulu University, Mthatha, South Africa
Corresponding author: kolawolekayodedavid@gmail.com

Keywords:

Constraint Frontier, Small-Scale Enterprises, Environmental Scarcities, Institutional Gaps, Entrepreneurial Adaptation

Article history:

Received February 2025
Revised April 2025
Accepted April 2025

ABSTRACT

This study examines the intricate relationship between the business environment and the performance of small-scale enterprises (SSEs) in Ibadan North, Nigeria. Grounded in systems theory and resource-based view, the research conceptualizes the operating environment as a "constraint frontier" that defines the limits of entrepreneurial possibility. Through a descriptive survey design, data were collected from 250 entrepreneurs, managers, and staff using structured questionnaires, with analysis conducted via descriptive statistics and Chi-square tests. Findings reveal that environmental factors—particularly access to credit, infrastructural deficiencies, and unstable government policies—constitute binding constraints that significantly impede SSE performance. Statistical evidence confirms significant relationships between external environmental factors and performance (χ^2=195.023, p=0.000), socio-cultural factors and patronage (χ^2=82.877, p=0.000), and government policy and enhanced performance (χ^2=126.108, p=0.000). Despite these challenges, SSEs demonstrate remarkable adaptive resilience through strategies prioritizing customer satisfaction, workforce training, and operational flexibility. The study identifies critical institutional gaps in financial intermediation, infrastructure provision, and policy coherence that perpetuate environmental scarcities. The research concludes that sustainable SSE development requires targeted institutional reforms that systematically lower transaction costs, mitigate risks, and expand the entrepreneurial opportunity space. Policy recommendations emphasize the need for credit market innovations, strategic infrastructure investment, and stable regulatory frameworks to transform the constraint frontier into an enabling ecosystem for SSE growth and economic development..

INTRODUCTION

Small and medium scale enterprises (SMEs) are widely acknowledged as pivotal actors in national economic growth and development, significantly contributing to the improvement of individual quality of life (Ohanemu, 2004). These business organizations operate within a complex milieu of external forces and influences. The term "business environment" extends beyond physical surroundings to encompass the totality of conditions, events, and circumstances that surround and affect an organization (Adidu & Olannye, 2006). This environment is not a passive backdrop but an active aggregate of forces that shape and are shaped by organizational activities. Consequently, the performance, health, and strategic direction of a business are profoundly influenced by its continuous interaction with this external context. Organizations must perpetually engage with these forces, which present both opportunities for growth and threats to stability. The dynamic nature of this relationship underscores the critical importance of environmental analysis for managerial decision-making and long-term viability, setting the stage for understanding the specific pressures faced by SMEs in contemporary economies.

The contemporary business environment is characterized by increasing dynamism and competitiveness, compelling organizations to adapt strategically (Ukaegbu, 2004). Since businesses do not operate in a vacuum, they exist in a state of mutual influence with their environment; they affect it through their outputs and are, in turn, affected by its constraints and possibilities. An effective management response in such a complex society necessitates a thorough assessment of both the organization's internal strengths and weaknesses and the external opportunities and threats (Kuye, 2004). This strategic appraisal is vital for survival and growth, as the suitability of an environment is not universal. Conditions conducive to one enterprise may be hostile to another, emphasizing the need for vigilant environmental scanning. The ability of managers to identify, evaluate, and react to these forces has a considerable impact on organizational performance, making environmental literacy a core managerial competency, especially for resource-constrained small businesses.

The relationship between an organization and its environment can be conceptualized through complementary strategic lenses. Ukaegbu (2006) proposes three such approaches. First, an organization can be viewed as a transformation system, importing inputs like human capital, finance, and technology, and converting them into outputs of goods and services. A second approach examines the social contract, focusing on the demands and legitimate rights of various claimants such as employees, consumers, suppliers, and the community. A third perspective frames the organization as an entity navigating an external field of opportunities and constraints. No single approach is sufficient in isolation; rather, they are complementary. Together, they illustrate that elements both external and internal to the firm collectively determine its performance trajectory. This multifaceted interaction is particularly critical for SMEs, which often possess limited buffers against environmental shocks.

The significant failure rate of SMEs globally has been attributed by various scholars to a range of factors, including entrepreneurial training and experience, as well as the formidable impact of the business environment itself (Adebayo, 2005;

ISSN (Online) 2620-9756 ISSN (Print) 2620-6951

Gibcus & Kemp, 2003; Melnyk et al., 2003; Markku & Nybakk, 2010). The modern environment is marked by transformative features such as global competition, rapid information technology evolution, and heightened expectations for corporate social responsibility, forcing a fundamental rethink of operational approaches. This paradigm shift rewards firms that are responsive to both internal and external cues. However, navigating this landscape is challenging, as evidenced by the fact that many new businesses do not survive beyond five years. This reality underscores the urgent need to empirically identify the specific environmental factors that lead to entrepreneurial success or failure, equipping SME owners with the managerial insights necessary for survival and growth in competitive markets.

Therefore, this study is situated within this critical discourse, aiming to investigate the impact of the business environment on the organizational performance of small-scale businesses. It seeks to move beyond general assertions to a concrete examination of how environmental variables dictate performance outcomes within a specific context. The research will assess the extent to which environmental factors affect small business performance, determine the specific challenges faced, and explore management strategies employed to cope with these external forces. By focusing on small-scale businesses in Ibadan North Local Government Area, this study intends to provide localized, empirical insights that can inform entrepreneurs, policymakers, and supporting institutions on fostering a more conducive environment for SME sustainability and contribution to economic development.

LITERATURE REVIEW

The concept of an organization is fundamental to understanding business performance, stemming from the necessity for individuals to collaborate to fulfill needs beyond individual capacity. An organization is an integral social system characterized by functional interdependence among members, norms governed by an authority structure, and shared values that secure individual commitment (Katz et al., 1966). It is essentially a coordinated group structured into levels of authority and specialization to achieve set goals (Ekpo, 2001), involving the identification and grouping of work, delegation of responsibility, and the establishment of relationships to enable effective collaboration (Onyedijo, 1995). This arrangement of people operates a technology to convert societal inputs into marketable outputs (Bajomo, 2003). Organizations are inherently goal-oriented, socially composed entities with differentiated functions and rational coordination, designed for continuity (Vogel, 2006). Their performance is contingent upon effectively channeling resources to achieve objectives, which are themselves derived from a clearly articulated mission statement that reflects profitability, growth, and customer creation, serving as a basis for strategy, structure, and performance standards.

Organizational performance, defined as the extent of success in realizing required objectives (Raslain, 2001), is a multidimensional construct. It has traditionally been measured through financial indicators such as sales growth, profitability, and return on investment, which have been the mainstay in economic research (Hofer, 1983). However, broader conceptualizations incorporate non-financial or operational performance indicators like market share, product quality, and marketing effectiveness, as financial measures alone may not fully depict a company's state. This evolved into the balanced scorecard paradigm, which evaluates performance across four integrated perspectives: financial, customer, internal business processes, and learning and growth (Kaplan & Norton, 1996). This approach recognizes that historical financial data is insufficient for managing future development, emphasizing instead a causal relationship between strategic objectives in learning, internal processes, and customer satisfaction that ultimately drives financial performance. For small businesses, which often lack sophisticated accounting systems, performance must be understood through both tangible outcomes and adaptive capabilities within their environment.

Small business enterprises (SBEs) lack a universally accepted definition but are typically characterized by limited capital, a small workforce, centralized management, and a relatively small market share. They can be understood as modern business enterprises in commerce, service, or production with a limited capital outlay, where key decisions revolve around one or a few individuals (Ude, 1999). Inegbenebor (2006) similarly defines them as businesses owned and managed by one or two persons, with an undifferentiated structure and fewer than fifty employees. In the Nigerian context, definitions have often emphasized capital investment, such as the Nigerian Bank for Commerce and Industry's ceiling on total capital, a focus which has been criticized for neglecting other vital complementary environmental factors (Chidinma, 2012). These businesses play a crucial role in economic development by generating employment, mobilizing savings, utilizing local resources, fostering innovation, and ensuring a more balanced regional development (Edet, 2001; Osuagwu, 2004). However, their strategic environment and growth stages differ from large firms; many small firms may persist in a survival stage without experiencing significant growth or expansion, facing unique challenges related to resource maturity and competitive pressure (Churchill & Lewis, 1983; van Praag, 2003).

The business environment, comprising external forces—economic, social, political, and technological—outside the control of the firm, critically influences these organizations. Strategic management models emphasize analyzing this environment to identify opportunities and threats for strategy formulation (Wheelen & Hunger, 2010). The external environment can be viewed both as a vehicle providing critical resources and as a source of information that creates uncertainty (Tan & Litschert, 1994). This environment is multifaceted, including the macro-environment (political, legal, economic, social, technological) and the task environment—comprising direct stakeholders such as customers, suppliers, creditors, and government. The internal environment, consisting of tangible and intangible assets and organizational capabilities, determines a firm's strengths and weaknesses (Pearce & Robinson, 2013). For SBEs, specific environmental factors are particularly impactful. The socio-cultural environment, encompassing attitudes, beliefs, and customs, dictates consumer behavior and market acceptance (Achumba, 1996; Ohanemu, 2006). The technological environment, while offering benefits like greater productivity and quality, poses challenges of cost, obsolescence, and the need for continuous adaptation, which is especially difficult in a developing context like Nigeria (Ihunweze, 2007; Ogbechi, 2003). The political-legal environment, through government policies, regulations, and stability, can either stimulate or frustrate business activities (Adidu & Olannye, 2006; Kuye, 2001).

The relationship between SBEs and their environment is explained by several theoretical frameworks. The Systems Theory posits that an organization is an open system within a larger collection of systems, requiring harmonious interaction with its environment to avoid entropy; it must sense, select, and effect transactions to maintain equilibrium (Boulding, 1956). Resource-based and survival-based theories stress the need for firms to adapt continuously to their competitive environment to survive, leveraging unique resources and innovative strategies (Gibcus & Kemp, 2003). The theory of economic development presents a debate on firm size and productivity, with Schumpeter (1942) arguing for the innovative advantages of larger firms and Arrow (1962) contending that competition among smaller firms spurs innovation. Furthermore, Corporate Social Responsibility (CSR) theory suggests that businesses, as beneficiaries of societal resources, have responsibilities beyond profit, integrating social and environmental concerns voluntarily to improve their operating environment (Carroll, 1979; Vogel, 2006; Brammer et al., 2012). Empirical research in Nigeria underscores the environment's tangible impact, showing how factors like fiscal policy, power failure, and infrastructural deficiencies significantly affect manufacturing output and business performance (Eze & Ogiji, 2013; Kwaghe, 2001; Adelegan, 2011). This body of literature confirms that the extent to which managers can identify, evaluate, and react to these environmental forces has a considerable impact on organizational performance, a challenge acutely felt by small businesses in dynamic settings like Ibadan.

METHODOLOGY

The research methodology employed for this study was designed to systematically investigate the impact of the business environment on small-scale enterprises in Ibadan North Local Government Area. According to Asika (1991), research design involves the structuring of an investigation to identify variables and their relationships. This study adopted a descriptive survey design, which is considered appropriate for determining the inter-relationship among variables and describing the status quo of the phenomena under investigation. This design facilitated the collection of data to answer the research questions and test the stated hypotheses, utilizing a questionnaire as the primary guide for data generation. To ensure a representative sample, a simple random sampling technique was employed to select two hundred and fifty (250) respondents from the target population of entrepreneurs, managers, and staff of various small-scale businesses within the local government area, covering towns such as Bodija, Agbowo, and Sango. The choice of this population was based on the exploratory nature of the study and the desire to reduce potential exogenous influences beyond its scope. Data collection involved both primary and secondary sources; secondary data was obtained through an extensive review of literature from journals, monographs, and textbooks to establish the conceptual and theoretical framework, while primary data consisted of raw responses from administered questionnaires and interviews.

The primary research instrument was a structured questionnaire, divided into two main parts. Part A captured the demographic data of the respondents, while Part B was subdivided into four sections (B through E), each corresponding to a specific research question. To effectively measure attitudes and perceptions, the instrument utilized Likert scales. Sections B, C, and E were built on a four-point scale (Undecided=0, Strongly Disagree=1, Disagree=2, Agree=3, Strongly Agree=4), and Section D employed a five-point scale ranging from Very Low Extent (1) to Very High Extent (5). The questions were specifically structured to provide answers to the research questions and facilitate hypothesis testing. To ensure the robustness of this instrument, its reliability and validity were rigorously assessed. Validity, the extent to which the instrument measures what it is supposed to measure, was addressed by constructing questions free from ambiguity and complexity. Reliability, indicating the accuracy and precision of the measurement, was established using the test-retest method. A pilot study was conducted on fifty (50) small-scale industries in Oluyole Local Government Area, chosen for its similar characteristics to the main study area. The data from this pilot was tested for

ISSN (Online) 2620-9756 ISSN (Print) 2620-6951

internal consistency using Cronbach's alpha, yielding a coefficient of 0.919, which exceeds the 0.75 threshold given by the rule of thumb, confirming the instrument's high reliability.

The administration of the research was carried out systematically with the aid of two well-trained research assistants. These assistants were trained on the objectives of the study and the procedures for administering and collecting the questionnaires. They were also equipped to explain the items in the questionnaire to respondents in the field to ensure clarity and accurate responses. Following collection, the data was prepared for analysis by being sorted, coded, and tabulated. The procedure for data analysis involved both descriptive and inferential statistical techniques. For effective and efficient management of the data, simple percentage analysis was used to analyze the responses according to the research questions, with the sample size of 250 represented as 100% for ease of interpretation. To test the stated hypotheses and determine the relationship between variables, the Chi-square (X^2) statistical tool was employed at a 5% level of significance. The Chi-square test is used to compare observed frequencies with expected frequencies, helping to draw conclusions about the association between categorical variables. The formula applied for this test was:

$$X^2 = \sum \frac{(O-E)^2}{E} \quad (1)$$

where O represents the observed frequency and E represents the expected frequency. The calculated X^2 value from the data was compared against the critical tabulated X^2 value for a given significance level and degree of freedom to make decisions regarding the null hypotheses. All data analysis was performed using the Statistical Package for the Social Sciences (SPSS), ensuring accuracy in the computation of percentages and the execution of the Chi-square tests, thereby providing a solid empirical basis for the study's findings and conclusions.

RESULTS AND DISCUSSION

The analysis of the demographic characteristics of the respondents provides a crucial context for interpreting the study's findings. As shown in Table 1, the sample is almost evenly split by gender (49.6% male, 50.4% female), indicating the study is not gender-biased and reflects broad participation. A significant majority (83.3%) are young entrepreneurs or employees between 15-30 years, suggesting a vibrant, youthful demographic driving small-scale business activities in Ibadan North. This demographic profile aligns with the notion that small businesses often serve as entry points for young labor market participants, potentially absorbing unemployment as suggested by Edett (2001). Furthermore, a high level of educational attainment is evident, with 74.3% holding a Bachelor's degree or higher. This challenges the stereotypical view of informal sector participants and implies a potential for sophisticated managerial understanding, yet it raises questions about underemployment and the ability of the formal economy to absorb skilled labor.

Table 1: Demographic Characteristics of the Respondents

Variables	Frequency	Percentage (%)
Sex:		
Male	124	49.6
Female	126	50.4
Total	*250*	*100.0*
Age:		
Below 15 years	9	3.7
15 -30 years	205	83.3
31 – 45 years	28	11.4
46 – 60 years	4	1.6
Total	*246*	*100.0*
Academic Qualification:		
No Formal Education	16	6.6
SSCE	2	0.8
Diploma/NCE	44	18.3
B.Sc	122	50.6
Doctorate	57	23.7
Total	*241*	*100.0*

Source: Author

The entrepreneurial characteristics in Table 2 reveal that 64.8% of the businesses are service-oriented, reflecting a sectoral shift common in developing urban economies. Notably, 68.8% of these businesses have been operational for only 1-2 years, highlighting a critical survival phase and underscoring the precariousness of new ventures, a stage where environmental factors are most acute as posited by Churchill & Lewis (1983). The low reported business failure rate (8.1%) may indicate either resilience or a survivor bias within the sample, but it must be interpreted cautiously against the backdrop of a challenging environment.

Table 2: Entrepreneurship Characteristics of the Respondents

Variables	Frequency	Percent(%)
What is the nature of your business?		
Product Firm	88	35.2
Service Firm	162	64.8
Total	*250*	*100.0*
How long have you been in business?		
Below 1 year	17	6.9
1-2 years	170	68.8
3-5 years	47	19.0
6 years and above	13	5.3
Total	*247*	*100.0*
Have you experienced business failure before?		
No	216	91.9
Yes	19	8.1
Total	*235*	*100.0*

Source: Author

ISSN (Online) 2620-9756 ISSN (Print) 2620-6951

The findings robustly confirm the central thesis that the business environment profoundly impacts small-scale enterprise performance. An overwhelming consensus (93.9%) of respondents agreed that the operating environment influences performance, directly supporting Ukaegbu's (2004) assertion that managerial identification and reaction to environmental forces have considerable organizational impact. The data in Table 3 reveals that small businesses perceive both internal and external environments as critical. For instance, 96.3% agreed that an unmanaged external environment can cause business failure, while 93.1% affirmed that internal environment management influences company reputation. This duality underscores the complex interplay firms must navigate.

Table 3: Business Environment on the Performance of Small Businesses

Variables	Disagree	Agree
The environment where organization operates has influence on its performance.	15 (6.1%)	230 (93.9%)
How business owners manage their internal environment has great influence on the company's reputation	17 (6.9%)	230 (93.1%)
Business external environment if not well managed can cause business failure	9 (3.7%)	237 (96.3%)
A business can fail if the management does not understand the competitive environment	11 (4.5%)	236 (95.5%)
Socio-Cultural environment if not well managed by the organisation can affect patronage	10 (4.1%)	233 (95.9%)
Keeping abreast the technological advancement gives business opportunity to perform effectively	17 (6.9%)	228 (93.1%)
Government policy as an external factor influences the extent of competition with foreign organizations	12 (4.9%)	234 (95.1%)

Source: Author

From an economic perspective, the external environment constitutes a set of constraints and parameters that define the production possibility frontier for these firms. Harsh external conditions, like stringent credit markets or poor infrastructure, effectively shrink this frontier, limiting potential output and growth irrespective of internal managerial efficiency. The significant relationship established between external environmental factors and performance (Hypothesis 1, p=0.000, see Table 6) validates this constraint model. The results further specify key environmental challenges, with 96.7% citing limited access to credit as a major impediment (Table 4). This aligns with Edett's (2001) identification of financing as a critical hurdle and reflects a fundamental market failure in credit allocation for SMEs, likely due to information asymmetry, lack of collateral, and perceived high risk, which commercial banks are often unwilling to bear without government guarantees or specialized intervention schemes.

Table 4: Environmental Challenges Facing Small Scale Businesses

Variables	Disagree	Agree
Inability to access credit facilities impinges negatively on productivity and growth.	8 (3.3%)	238 (96.7%)
Business cannot be sustained if finance is not properly managed	16 (6.5%)	230 (93.5%)
Improper handling of customers will affect patronage and cash in-flow	11 (4.4%)	239 (95.6%)
A business can fail if the management does not understand the competing firms	11 (4.5%)	233 (95.5%)
Conflict in business environments usually takes a negative toll on performance	14 (5.7%)	231 (94.3%)
Inadequate infrastructural facilities affect effective operation of small businesses	17 (6.9%)	231 (93.1%)
Government fiscal policies is not conducive to performance of small scale business	24 (10%)	217 (90%)

Source: Author

A deeper economic analysis of the challenges reveals systemic issues constraining factor productivity. The identification of inadequate infrastructure (agreed by 93.1% of respondents) as a critical challenge is particularly salient. This finding corroborates Gado and Nmadu's (2011) evidence on the impact of electricity on textile firms and aligns with Adenikinju's (2008) broader assessment of the energy sector's effect on national competitiveness. Inadequate infrastructure acts as a pervasive tax on business, increasing transaction and operational costs, reducing the effective capital stock, and creating unpredictable production schedules. This not only diminishes static efficiency but also stymies dynamic efficiency by discouraging investment in technology and scale expansion. Furthermore, 90% of respondents found government fiscal policies non-conducive. This perception likely stems from a complex, unpredictable, or high-tax regime that reduces the post-tax return on investment for small businesses. From a Schumpeterian (1942) perspective, such policies can stifle the "creative destruction" engine by reducing the net rewards for entrepreneurial innovation and risk-taking, thereby protecting inefficient incumbents and hindering overall economic dynamism.

The study also elucidates how socio-cultural and policy environments shape market dynamics. Hypothesis 2 confirmed a significant relationship ($p=0.000$, Table 7) between socio-cultural factors and business patronage. This underscores that demand is not merely a function of price and income but is culturally embedded. As Achumba (1996) notes, beliefs and attitudes dictate buying behavior. For small businesses, success depends on aligning products and practices with local norms, values, and social networks.

ISSN (Online) 2620-9756 ISSN (Print) 2620-6951

Table 5: Chi-Square Test of Relationship between increased patronage in small business and socio-cultural factors within the business environment

Test	Value	df	Asymp. Sig.
Pearson Chi-Square	82.877a	12	.000
Likelihood Ratio	35.352	12	.000
Linear-by-Linear Association	6.592	1	.010
N of Valid Cases	250		

Source: Author

Similarly, Hypothesis 3 established a significant link (p=0.000, Table 8) between government policy and enhanced performance. This relationship is mechanistic: policies shape the institutional framework within which businesses operate. Conducive policies, such as those protecting indigenous industries or offering tax incentives, can lower barriers to entry, improve access to finance, and enhance profitability, as suggested by Richard (1998). Conversely, erratic or punitive policies increase uncertainty—a key deterrent to fixed investment.

Table 6: Chi-Square Test of Relationship between government policy and enhanced performance of small business.

Test	Value	df	Asymp. Sig.
Pearson Chi-Square	126.108a	20	.000
Likelihood Ratio	59.468	20	.000
Linear-by-Linear Association	20.675	1	.000
N of Valid Cases	250		

Source: Author

Despite these challenges, the data indicates adaptive strategies and perceived internal strengths. In response to Research Question 3, a high proportion of respondents (73-80%) believed their core competence, management strength, and business strategy were at a "High Extent" sufficient to ensure competitiveness. This suggests a degree of resilience and internal capability building. The management strategies identified in Research Question 4, such as prioritizing customer satisfaction (96.3% agreement), training workers (95.9%), and maintaining flexible processes (97.9%), reflect a pragmatic, resource-based view of the firm. These strategies can be seen as investments in intangible capital—human capital and organizational capital—to build adaptive capacity.

The synthesis of these findings leads to clear policy implications grounded in economic reasoning. First, addressing the credit gap requires moving beyond simple capital provision. Policies should aim to reduce information asymmetry and transaction costs in SME lending. This could involve supporting the development of credit bureaus, promoting asset registries to expand the pool of acceptable collateral, and fostering financial products tailored to SME cash-flow cycles rather than rigid asset-backed loans. Second, the infrastructure deficit demands targeted public investment. Improving power supply, transportation, and digital connectivity is a public good that will lower the cost structure for all businesses, enhancing their domestic and international competitiveness, as emphasized by Adenikinju (2008). This is a prerequisite for moving firms from survival to growth stages. Third, fiscal and regulatory policies must prioritize stability and predictability. Erratic policy changes act as a tax on investment by increasing uncertainty. A stable, transparent, and moderately levied tax regime, combined with streamlined regulatory procedures, would reduce the risk premium required by entrepreneurs and encourage reinvestment of profits. Finally, policy should facilitate market linkages and knowledge diffusion. Support for business development services, mentorship networks, and technology adoption programs can help SMEs internalize positive externalities and build the capabilities needed to navigate socio-cultural nuances and competitive pressures. In essence, the goal of policy should be to systematically lower the transaction costs and risks inherent in the business environment, thereby expanding the production possibility frontier for small-scale enterprises and unlocking their full potential for employment, innovation, and wealth creation as outlined by Edett (2001) and Ohanemu (2004).

CONCLUSION

This study set out to investigate the impact of environmental factors on the performance of small-scale businesses in Ibadan North Local Government Area, Oyo State. Through a comprehensive review of relevant literature and empirical analysis using descriptive statistics and Chi-Square tests, the research affirms that the business environment exerts a significant influence on organizational success and survival.

The findings conclusively demonstrate a significant relationship between the external environment and the performance of small businesses. Key environmental challenges identified include inadequate access to credit facilities, poor management practices, insufficient infrastructural support, and the inability to effectively manage competition and socio-cultural dynamics. Crucially, the study also highlights that environmental factors can be catalysts for improvement, as they were found to sharpen core competencies, strengthen strategic management capacity, and motivate workforce performance.

Therefore, it is concluded that the performance of a small business is inextricably linked to its environmental context. Positive performance outcomes are achievable when management proactively and competently analyzes internal strengths and weaknesses while simultaneously identifying and responding to external opportunities and threats. Specifically, success hinges on strategies aimed at gaining market share, instituting robust financial management, learning from

ISSN (Online) 2620-9756 ISSN (Print) 2620-6951

competitors, and investing in continuous staff training and development. Ultimately, for small businesses to thrive, a dual focus is essential: internal operational excellence and strategic external environmental adaptation. This requires not only adept management but also a supportive policy framework from government institutions to mitigate external pressures and foster a conducive ecosystem for small enterprise growth.

REFERENCES

Achumba, I. C. 1996. *The dynamics of Consumer Behaviour:* Mac Williams Publishers, Lagos.

Adebayo, R.S. 2005. *The Impact of Environmental Factors on Strategy Formulation:* The Offa Polytechnic Journal of Business and Management Studies, 1(4): 70-75

Adelegan, O.J. 2011. *Infrastructure deficiencies and investment in Manufacturing firms in Nigeria:*Journal of Economics and International Finance 3(9): 542-552. Retrieved Aug. 4 2014 from http://www.academicjournal.org/JEIF

Adenikinju, A. 2008. *The efficiency of the energy sector and its impact on the competitiveness of the Nigerian economy.*Journal of Economic Management, 7 (1): 1-38

Adewunmi, W. 1998. *Business management: An Introduction.* Lagos Macmillian Publishing company.

Adidu, F. A &Olannye, A. 2006. *Basic small business entrepreneurship: a modern approach*, Royal Pace Publishers, Agbor, Delta State.

Akeredolu, E. O. 1975. *The underdevelopment of indigenous Entrepreneurship in Nigeria*. University Press, Ibadan.

Akintunde, S. O. 2008. *Business and Entrepreneurship Education for Sustainable Development*; A Lecture Presented at the 2nd National Conference of Institute of education of OlabisiOnabanjo University on 27thFebrurary, 2008 on Education for sustainable Development.

Akjao, B. B. 1999. *Economic Development in Nigeria: History and Trends.* Ageless Friendship Press.

Andrew, K. 1997. "*Key to Social Responsibilities*" Cited by Adeleke, P. in Managing Nigeria's Economic System, Inaga, E. Nigeria, Heinemann Education Books Nigeria Limited.

Arrow, K. J. 1962. *Economic Welfare and the Allocation of Resources for Invention*: In Nelson R. (ed.), *The Rate and Direction of Inventive Activity* (pp. 609 – 625). Princeton: Princeton University Press.

Asika N. 1991. Research methodology in Behavioral Sciences Longman.

Asika N. 2004. Research Methodology: A process Approach. Mukugamu Enterprises Lagos.Babson: p. 150-164.

Boulding, K.E. 1956. *General System Theory:* The Skeleton of Science, Retrieved Wednesday December 3rd, 2014 from: www.panarchy.org/.../systems.1956.html

Brammer, S., Jackson, G., and Matten, D. 2012. *Corporate Social Responsibility and Institutional Theory*: New Perspectives on Private Government, Socio-Economic Review, 10:3-28.Retrieved online 28th November 2014 from: http//www.ser.oxfordjournals.org

Brian K. B., Donald D. B., Duane I. R. and David J. K., Jr. 2013.*Constructs in Strategic Management.*Organizational Research Methods 16(1), pp. 3-14, sagepub.com/journalsPermissions.nav.

Carroll, A. 1979. *A Three Dimensional Model of Corporate Performance*. Academy of Management, 4: 497-505

Chicha, J., Julien, P.A. 1979. Les Stratégies des P.M.E. etleur Adaptation au Changement: Départementd'administration et d'économique, Université du Québec à Trois-Rivières.

Demola, A. V. 1996. *Economic Reforms and Micro Economic Management in Nigeria*.MC Graw Hill companies Incorporated.

Edett, I. A. 2001. *Small and Medium Scale Enterprises Development in Nigeria*: Ageless Friendship Press.

Elikwu M. 2008. *Research Project Made Easy*: A simplified Approach to write and Defend A God Research Report, Cin-Eight Publishers, Lagos.

Eze, O.R and Ogiji, F.O. 2013. *Impact of Fiscal Policy on Manufacturing Sector Output in Nigeria*: An Error Correction Analysis..*International Journal of Business and Management Review, 1(3): 35-55*

Fransen, L. 2012. *Multi-Stakeholders Governance and Voluntary Program Interactions*: Legitimating politics in the Design of Corporate Social Responsibility. Socio-Economic Review, 10: 163-191

Gado, N.D. and Ezie, O. 2014. *Error Correction Modeling of Petroleum Profit Tax and Income per Capita in Nigeria:* International Journal of Economics, Commerce and Management, 2(9): 1-16. Retrieved online Tuesday 16th December, 2014 from http://ijecm.co.uk/

Gasse, Y. 1978. *Characteristics, Functions and Performance of Small Firms: Ownermanagers in Two Industrial Environments* (2 volumes), Ph.D. thesis, Northwestern University, Evanston Ill., University Microfilm International, no 79-3265.

George, B. D. 2000. *The Role of Government and the Private Sector in Fighting Poverty*. London Gee.

Gibcus, P. and Kemp, R.G.M. 2003.*Strategy and small firm performance*: Research Report H200208, Scientific Analysis of Entrepreneurship and small and medium enterprises (SCALES). ISBN: 90-371-0876-8.

Glueck, W.F. 1977. *Management*, Hinsdale, I.L.L.: The Dryden Press.

Iarossi, G. and Clarke, G.R.G. 2011. Nigeria 2011: An Assessment of the Investment Climate, World Bank, Africa Finance and Private Sector Development (AFTP), June 2011

Ihunweze A. 2004. Small and Medium Enterprises: Development Challenges and Prospects. Being paper Presented at 2004, annual Management Conference of Nigeria Institute of management (chatered) at International Conference Centre, Abuja.

ISSN (Online) 2620-9756 ISSN (Print) 2620-6951

King, A. 1995. Innovation from differentiation: pollution control departments and innovation in the printed circuit industry. *Ieee Transactions on Engineering Management*, 42(3): 270-277.

King, A. 1999. Retrieving and transferring embodied data: Implications for the management of interdependence within organizations. *Management Science*, 45(7): 918-935.

Kwaghe, A.K. 2001. Power failure and its effect on Business survival in Nigeria: A case study of small and medium scale Enterprises in Abuja, *Journal of management and Research Development, (2) 1:61-68.*

Laufer, J.C. 1974. "Comment on devient entrepreneur", *Revue française de gestion*, vol. 2, p. 18-29.

Lawal, A.A. 1993. Management in Focus, Lagos, Abudul, Industrial Enterprises.

Lorrain, J., Dussault, L. 1988, "Relation between Psychological Characteristics,

Lorrain, J., Dussault, L. 1988. "Les entrepreneurs artisans etopportunistes: unecomparaison de leurscomportements de gestion", *Revue internationale PME*, vol. 1, no 2: p. 157-176.

Lorrain, J., Dussault, L. 1988. Relation between Psychological Characteristics, Administrative Behaviors and Success of Founder Entrepreneurs at the Start-up Stage, *in* Kirchhoff, B.A., Long, W.A. et al. (Eds.) *Frontiers of Entrepreneurship Research*,

Markku&ErlendNybakk. 2010.Importance of Internal and External Factors when Adapting to Environmental Changes in SME Sawmills in Norway and Finland: The Manager's View. Journal of Forest Products Business Research VolumeMcVay, Mary. 1999. Measuring Performance BDS a summory framework, dalamSmall Enterprise Development Vol 10 No. 2: page 17 -29

Melnyk, S. A., Sroufe, R. P., &Calantone, R. 2003. Assessing the impact of environmental management systems on corporate and environmental performance. *Journal of Operations Management*, 21(3): 329-351.

Miner, J. B. 1990. Entrepreneurs, High Growth Entrepreneurs and Managers: Contrasting and Overlapping Motivational Patterns, *Journal of Business Venturing*, vol.5, p. 221- 234.

Nigerian Investment Promotion Council (NIPC) (2003) Overview of small &Medium scale enterprises, Longman.

Ohanemu C. 2004. The Complete Enhtrepreneur: Managing the small scale industry Rockfield Publishers, Lagos.

Ohanemu. C. 2004. The Complete entrepreneur: Managing the small scale industry. Rockfied Publishers, Lagos.

Pil, F. K., & Rothenberg, S. 2003. Environmental performance as a driver of superior quality. *Production and Operations Management*, 12(3): 404-415.

Richard, O. A. 1998. Government Policy and the poor in Developing Countries, Longman.

Rothenberg, S. 2003. Knowledge content and worker participation in environmental management at NUMMI. *Journal of Management Studies*, 40(7): 1783-1802.

Rothenberg, S., Pil, F. K., & Maxwell, J. 2001. Lean, green, and the quest for superior environmental performance. *Production and Operations Management*, 10(3): 228-243.

Schumpeter, J. A. (1942). *Capitalism, socialism and democracy.*New York: Harper & Row.

Shah, P. and Yadav, P. 2014. Cultural Environment and International Business, *International Journal of Research in Management and Business Studies, 1(2):37, ISSN: 2348-6503*. Retrieved online Tuesday 02/12/2014 from: http://ijrmbs.com/

Smith, A. 1776. *An Enquiry Into the Nature and Cause of the Wealth of Nations*, London: Edwin Cannan. Also: London: Methuen (1950), Irwin (1963). Re-edited in two volumes. See esp.: edition by James E. Thorold Rogers. Oxford: Clarendon Press (1869).

Smith, N.R. 1967. *The Entrepreneur and His Firm: The Relationship between Type of Man and Type of Company*, Bureau of Business Research, East Lansing, Michigan: MichiganState University Press.

Smith, N.R., Miner, J.B. 1983. Type of Entrepreneur, Type of Firm, and Managerial Motivation: Implications for Organizational Life Cycle Theory, *Strategic ManagementJournal*, 4: p. 325-340.

Smith. A.A (1991) Small & Medium scale Enterprises in our Evolution Today. U.K Graham Burn.

Vogel, D. 2006. The Market for Virtue, Washington DC, Brooklyn's Institute

Walonick, D.S. 1993. General Systems Theory, Retrieved online from http://www.statpac.org/walonick/systemstheory.htm Wednesday 03/12/2014.