

Business Environment Analysis: Globalization Era Imperative For Small Scale Industries

E.A. Dionco-Adetayo and J.O. Adetayo

Department of Management and Accounting Obafemi Awolowo University Ile-Ife, Nigeria

KEY WORDS External environment; small-scale industries; management decisions

ABSTRACT It is of little use to look at only the structure and the internal environment of an organization without giving full weight to the external environment in which a business has to conduct its operation. It is on this framework the study was conducted. A cross-sectional field study was applied to seventeen small-scale manufacturing firms that were randomly selected among the fifty-one companies. External environmental factors were measured using 5-point and nominal scaling methods. The data were collected through the use of interview schedule and focus group discussion specifically on variables pertinent to developmental issues. Results of the analysis show that economic variables had highly influenced the management decisions of the firms especially devaluation of currency, and energy availability. The socio-cultural variables had almost highly influenced management decisions. These are variables like regional shifts in population, and growth of population. Results also show that productivity improvement through automation had highly influenced technological management decisions, while foreign trade regulation was found highly influencing political-legal management decisions. The results further revealed that globalization, liberalization, information technology and technological trends, and social responsibility were among the major key developmental issues in business environment influencing small-scale management decisions in Nigeria.

Table 1: Distribution of respondents on societal variables influencing management decisions

Variables	Very high		High		Moderate		Quite a bit		Not at all		Mean Score
	F	%	F	%	F	%	F	%	F	%	
Economic	10	59.0	4	24.0	2	12.0	1	5.0	0	0	4.27
Socio-cultural	8	47.0	3	18.0	3	18.0	2	11.0	1	5.0	3.99
Technology	7	41.0	5	29.0	3	24.0	1	5.0	1	5.0	3.98
Political-legal	5	29.0	4	24.0	4	24.0	3	18.0	1	5.0	3.58
Total											3.96

Source: Survey 2000

Table 2: Distribution of respondents on societal environment influencing management decisions of micro scale enterprises

Variables	Very High		High		To an average extent		A little		Very little		Mean Score
	F	%	F	%	F	%	F	%	F	%	
Economic	63	16.0	180	46.0	134	34.0	5	1.0	9	3.0	3.70
Technology	70	18.0	134	34.0	158	40.0	26	7.0	3	1.0	3.62
Political-legal	3	1.0	53	13.0	110	28.0	195	50.0	30	8.0	2.47
Socio-cultural	3	1.0	3	1.0	66	17.0	205	52.0	114	29.0	1.91
Total											2.93

Source: Adetayo, E.D. (1998), Entrepreneurial performance of micro-scale food processing industries in Osun State, Nigeria.p.172.

Table 3: Distribution of respondents on economic variables influencing management decisions

Variables	Very high F/%	High F/%	Average F/%	Low F/%	Very low F/%	Mean Score
Devaluation/Revaluation	15/89.0	2/12.0	0/0	0/0	0/0	4.88
Energy availability and costs	13/77.0	3/18.0	1/5.0	0/0	0/0	4.71
Inflation rates	12/71.0	4/24.0	1/5.0	0/0	0/0	4.65
Unemployment levels	12/71.0	3/18.0	2/11.0	0/0	0/0	4.59
Wage/price controls	9/53.0	6/36.0	2/11.0	0/0	0/0	4.41
Interest rate	9/53.0	5/29.0	3/18.0	0/0	0/0	4.35
GNP trends	8/47.0	3/18.0	2/11.0	4/24.0	0/0	3.88
Money supply	6/36.0	2/11.0	3/18.0	6/35.0	0/0	3.47
Disposable income	3/18.0	5/29.0	6/35.0	3/18.0	0/0	3.47
Total						4.27

Source: Survey 2000

Table 4: Distribution of respondents on socio-cultural variables influencing management decisions

<i>Variables</i>	<i>Very HighF/%</i>	<i>HighF/%</i>	<i>AverageF/%</i>	<i>LittleF/%</i>	<i>Very LittleF/%</i>	<i>Mean Score</i>
Regional shifts in population	14/82.0	3/18.0	0/0	0/0	0/0	4.82
Growth rate of population	12/71.0	5/29.0	0/0	0/0	0/0	4.71
Life expectation	10/60.0	5/29.0	2/11.0	0/0	0/0	4.59
Birth rates	10/59.0	4/24.0	3/17.0	0/0	0/0	4.41
Career expectation	8/47.0	7/42.0	2/11.0	0/0	0/0	4.35
Age distribution	8/48.0	3/18.0	5/29.0	1/5.0	0/0	4.06
Rate of family formation	5/29.0	4/25.0	6/35.0	2/11.0	0/0	3.41
Life-style changes	4/24.0	4/24.0	3/17.0	6/35.0	0/0	3.35
Consumer activism	2/11.0	2/11.0	3/18.0	6/35.0	4/25.0	2.18
Total						3.99

Source: Survey 2000

Table 5: Distribution of respondents on technological variables influencing management decisions

<i>Variables</i>	<i>Very highF/%</i>	<i>HighF/%</i>	<i>AverageF/%</i>	<i>LittleF/%</i>	<i>Very LittleF/%</i>	<i>Mean Score</i>
Productivity improvement thru automation	12/71.0	4/24.0	1/5.0	0/0	0/0	4.65
Industry spending for R&D	8/47.0	9/53.05	0/0	0/0	0/0	4.47
New products	10/59.0	3/18.0	3/18.0	1/5.0	0/0	4.29
Technological efforts	7/41.0	6/35.0	4/24.0	0/0	0/0	4.18
Federal spending for R&D	6/35.0	3/18.0	5/29.0	3/18.0	0/0	3.71
New developments in technology transfer	3/18.0	5/29.0	3/18.0	2/11.0	4/24.0	3.41
Patent protection	3/18.0	4/24.0	4/23.0	4/23.0	2/11.0	3.12
Total						3.98

Source: Survey 2000

Table 7: Distribution of respondents on developmental issues on business environment

<i>Variables</i>	<i>Frequency</i>	<i>Percentage</i>
Globalization	17	100.0
Information technology	17	100.0
Liberalization	14	82.0
Social responsibility	12	71.0
Gender issue	2	12.0
Total	62	73.0

Source: Survey 2000

Table 6: Distribution of respondents on political-legal variables influencing management decisions

<i>Variables</i>	<i>Very High</i>	<i>High</i>	<i>Average</i>	<i>Little</i>	<i>Very little</i>	<i>Mean score</i>
Foreign trade regulation	8/47.0	7/41.0	2/11.0	0/0	0/0	4.35
Government stability	9/53.0	3/18.0	4/24.0	1/5.0	0/0	4.18
Special incentives	5/29.0	6/36.0	4/24.0	2/11.0	0/0	3.82
Tax laws	6/35.0	3/18.0	5/29.0	3/18.0	0/0	3.71
Laws on hiring and promotion	4/23.0	4/23.0	6/36.0	3/18.0	0/0	3.53
Attitude towards foreign companies	3/18.0	3/18.0	8/46.0	3/18.0	0/0	3.35
Environmental protection laws	4/23.0	3/18.0	3/18.0	4/24.0	3/18.0	3.08
Antitrust regulation	2/11.0	1/5.0	4/24.0	7/42.0	3/18.0	2.53
Total						3.58

Source: Survey 2000.

