

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.

INTRODUCTION

The classical, behavioral, and quantitative schools of management thought had focused their teachings on aspects of the organization that management could influence directly. These schools of management taught managers on the importance and how to improve work environment. Their concern with internal business environment somehow underplayed the importance of external business environment especially in today's organization.

Apparently, the external business environment is undergoing accelerating changes. These changes have significant and sometimes quite unpredictable effects on organizations and its management. Genus (1998) asserted that environmental change has

relationship with management strategies and organizational performance. This assertion was supported by Child in Genus (1998) that environment determines the management strategy and organizational change. In Child's model, the basic line of argument is that organization changes in the light of objectives and values on the basis of the prevailing environmental conditions that the organization faces, and its ability to perform within that context. In other words, environment has that great impact on the vision, mission, objectives, goals, and policies that make strategies for the organization to sustain its competitive advantage in the industry. In today's globalization era, management therefore must importantly consider and think about environmental conditions, and their impact in internal organizational activities and performance. Hence, these all affect the organization and its management, decision-makers must therefore specifically consider the ups and downs of the economy, the changing attitudes of the consumers, the requirement of government agencies, the inflated cost of energy, materials, labour among other resources. Indeed, an organization's response to its environment may be critical to its existence, and in this regard, managers of today must establish environmental approach in decision-making. This will enable them to analyze, maintain, and improve their performance in a changing environment.

To be successful over time, an organization therefore must be in tune with its external environment. There must be an strategic fit between what the environment wants and what the corporation has to offer, as well as between what the corporation needs and what the environment can provide. Current predictions are that the environment for all organizations will become even more uncertain in the coming years. This environmental uncertainty could be the combination of the degree of complexity and the degree of change in an organization's external

environment (Duncan, 1972). Environmental uncertainty is a threat to management because it hampers their ability to develop long-range plans and to make strategic decisions in order to keep the corporations in equilibrium with its external environment. Today, the exposure of organization to development, management cannot do without adapting environmental change. Failure to respond to these changes in the environment, other organizations that have adapted will continue to grow at the expense of those who don't.

In the above premise, it is of little use, therefore, to look at only the internal environment without giving full weight to the environment in which a business has to conduct its operation. This could be serious in the case of multinational company in the international scene with separate organizations in various countries. This could be extremely difficult specifically in adapting itself to a variety of changing environmental circumstances different from the host country. In fact, in the globalization period we have today, any company or any organization, making an attempt for an effective environmental study must start with the international scene and then narrow it down to the country or countries in which it intends to operate and has its being (Keegan, 1989). Similarly, it must look at the industrial setting as a whole before facing up to its own performance within the industry. By starting with the whole industry canvas, it can finish up with a clearer picture of its own local sphere of influence.

In the light of external environmental approach in decision-making, this paper addresses the following:

- * the identification of business environmental forces with emphasis on the external forces and the extent of their influence on management decisions,
- * the determination of the external environmental variables, and
- * the identification of other business environmental issues influencing the activities of organizations.

Theoretical Framework for Analysis and Related Studies

The underpinning theory of this study is the environmental influence on organization

decision-making. According to Hunger and Wheelen (1996), business environment is grouped into societal variables and task variables. The task environment includes the elements or groups that directly affect the company, and, in turn all affected by it. These are the governments, local communities, suppliers, competitors, customers, labor unions, special interest groups, and trade associations. The societal environmental forces however, also affect task environmental factors. Therefore, to enable management prepare for and deal with the rapidly changing environment in which the organization operates, and have reliable guide, they must identify the impact of the societal forces in order to develop new strategies suited to the unique situation and opportunities of the future.

The societal environmental factors are those general forces that are indirectly affecting the organization and can influence its long-run decision. These are described as follows:

- * Economic forces that regulate the exchange of materials, money, energy, and information;
- * Technological forces that generate problem-solving inventions;
- * Political-legal force that allocate power and provide constraining and protecting laws and regulations; and
- * Socio-cultural force that regulate the values, mores, and customs of society.

Technology

Looking back over the past decade, there are innumerable instances of revolutionary technological change to which industry has had to adjust itself. To take a significant example, the development of a microprocessor made of silicon chip, has a potential likely to have vast social and commercial repercussions throughout industry. For a single chip as small as a fingernail, can now replace whole banks of full-size computers; and in quantity take over a high proportion of today's manufacturing and office jobs.

The technological application is the major concern of the research, including with its future and the social consequences. In any society, the level of technology plays a significant role in determining what products and services will be produced, what equipment will be used, and

how various operations will be managed. The changes of technology in an organization affect the actions of its competitors. For example, Polaroid was able to compete against Kodak because it had a unique product protected by a network of exclusive patents (Stoner, 1996). When Kodak finally developed an alternative technology, Polaroid unique market position was threatened. Polaroid responded with an intensive series of lawsuits and the development of new products.

In Nigeria, the level of technological development or availability determines most of the micro businesses to a large extent that the type of products they offer is affected largely by the technology. Given the Nigeria's level of technological development, it will be more advisable for management to employ a technology that can have both automated and manual operation (Nwoye, 1994).

Economy

Management should always take into account the major costs such as, labor, and raw materials that the organization requires. Since these costs vary over time, they must also assess future prospects for price stability or inflation. The prices set by competitors and suppliers, as well as the government's fiscal and monetary policies significantly influence the costs of producing products or services and the market conditions under which those products or services are sold. Thus business management must devote considerable time and resources to forecasting the economy and anticipating changes in prices.

However, in overall economic forecasting, the analysis usually starts with the statistical "gross domestic product" for the period in question showing the percentage change in the nation's output over the previous comparable period. This product is the sum total of all government and personal consumption, private investment, and net exports; or looking at the same total from the other side, the sum of salaries, wages, net rents, interest, company profits, etc. These are particularly valuable as they enable long-term projections of prosperity or otherwise to be built into corporate plans.

In a global look, location of income and location of population are both significant (Keegan, 1989) in economic forecasting in terms

of market characteristics. Income is the most valuable and important indicator of market potential, however, it is not the accurate or a precise measure of potential. For example, the United States per capita GNP is approximately 10 times that of Brazil. This figure is of initial interest to a manufacturer of light sockets and light bulbs and suggests a U.S. market 10 times larger on a per capita basis. However, the average number of light sockets per home in Brazil is 5 versus 27 in the United States, a difference of 5.5 times. When a market potential is estimated on the basis of the number of Brazilian homes, the size of the Brazilian market can be estimated more precisely. With additional data on the average utilization of light bulbs in Brazilian households, the light-bulb marketer with data on the number of homes could identify the exact potential in Brazil. Without the household data, the marketer could estimate roughly on the basis of total GNP. However, for products whose price is low enough, population is a more important variable than income in determining market potential.

In the consumption patterns, income is the most important variable that is affecting market potential. Management is aware of the relationship between income level and consumption patterns, and therefore it uses income segmentation in defining its market opportunity. According to Engel's Law, when income grew above a certain minimum, expenditures on food as a percentage of total income decreased, although the absolute amount of food expenditures was maintained or increased. In terms of product saturation levels, or the percentage of potential buyers or household who own a particular product, increase as national income per capita increases. However, in markets where income is sufficient to enable consumers to buy a particular product, other factors may be determinant. For example, the sale of air conditioners is explained by income and climate. Average-income level people in an underdeveloped country cannot afford an air conditioner no matter how hot it is. High-income people in a northern climate can easily afford air conditioner but have no need for one.

The balance of payment is also one of the economic predictors. It is a record of the economic transaction between residents of a country and the rest of the world. The current

account portion of the balance of payments is a record showing all the recurring merchandise and service trade and private gifts and public aid transactions between countries. The capital account records all of the direct investment, portfolio investment, and other short-term and long-term capital flows. The changes in reserves and the so-called net errors and omissions are the accounts that make the balance of payments balance. A country therefore, accumulates reserves when it is in surplus above the line, which means above the net of the current and capital transactions; and it gives up reserves when it is in deficit above the line.

The trade pattern is another predictor of economic growth of a country. This means that there is a relationship between export growth and economic growth. Export growth represents the ability to penetrate foreign markets. This ability is more than a protected home market. It requires a competitive advantage and the ability to project this ability into a competitive market. The ability to compete is a reflection of applied superior skills, organization and effectiveness, which are elements of economic growth development.

In Nigeria, businesses operate in a free enterprise system. Business firms, irrespective of their size, operate in a dynamic environment where success or failure is determined by the performance of the operators. In the attempt to improve its performance, the business is confronted with pressure from the environment where it operates. In the first place, the economic environment of the country in the past has been highly dependent on foreign countries of its needs, right from technology to small services. But the advent of military regime that brought with it the structural adjustment program, forced the people to look inward for economic self-reliance. Indigenous entrepreneurs then attempted to manipulate the country's resources in the production of goods that resulted to the dramatic shift in demand and supply relationship of locally made goods. However, the general market condition, currency devaluation, and government policies, among other control measures have affected the efforts of the entrepreneurs.

Socio-cultural

Culture is learned behavior passed on from

generation to generation and is difficult for the inexperienced or untrained outsider to fathom. It is a distinctive way of life or pattern of living in a society. It describes their belief, tradition, custom, and values. These aspects of culture establish guidelines that determine how most organizations will operate. For instance, the social barriers that are raised against women who seek managerial careers, although a few do make it to the top against all the odds and the cost of considerable personal sacrifice. These are also reflected in the firm's organizational structure. In Japan, for example, where employees have a vested interest in their life, lower-level workers participate in policy and decision-making more freely than the American workers do.

Hence culture consists of learned responses to recurring situations (Keegan, 1989), many aspects of culture influence marketing environment. Taste, for example is a learned response that is highly variable from culture to culture. Preference for colors and styles is culturally influenced. For example, white is associated with purity and cleanliness in the West, while signifies death in some countries. Black and red colors are popular colors worn for night-parties, however, it is poorly received in other countries. In food preparation for instance, the attitude and practice of housewives differs. The Italian housewife is spending 4.5 hours per day in food preparation in contrast to the less than 60 minutes a day spent by U.S. housewives. To transcend cultural myopia, it is very important therefore to understand that there are cultural differences and it is important to learn about them.

Social variables are significant in the life style of Nigerians. Although Nigeria is considered as underdeveloped country by the standard of the Western World, Nigerians have very high-class "taste" hence they are class-conscious people who are seeking for social recognition (Nwoye, 1994).

Political-legal

Over the years, government involvement in the affairs of business has steadily escalated. Regulations were increased, and more formation of regulatory agencies has been done. This trend increases when people call upon government for instance, to protect the consumers, preserve the environment, and put an end to discrimination in employment, education, and

housing. These pressures are reinforced by the management who call for adherence to high ethical principles in the conduct of business. And in the creation of these regulatory agencies, business affairs were influenced in matters that concern price control, valuation of imports and exports, trade practices, labeling, food and drug regulations, employment conditions, collective bargaining, competitive practices, and so on. The influence of regulatory agencies is pervasive, and an understanding of how they operate is essential to protecting business interest and the advancing of new programs.

The awareness of the complexity of the legal environment is very important to avoid situations in which conflict may arise. In particular, management has to be aware on the regulation on establishing a trade or enterprise, the protection against patents and trademarks, changes in taxation, such as corporation tax, capital gains tax, value added tax, etc., legislation to control companies, monopolies, mergers, restrictive practices. For instance it is the political pressure for national control of foreign owned companies, which restricts foreign equity participation in local projects to 40 percent in the case of India's Foreign Exchange Regulation (Keegan, 1989).

Expropriation is another political-legal issue that threatens foreign manufacturers in case of frustrated government due to lack of economic development. Antitrust laws should serve as a guide for management to understand the agreements and practices of the conduct of its business especially in cases that prevent, restrict, and distort competition.

In the context of Nigeria, the government is characterized by constant changes in leadership, which most often result in constant changes in policies. The political leaders while in power attempt to perpetuate personal objective affecting economic advancement of the country. Different interest groups compete with each other setting political conflict, which eventually affect the business environment negatively (Nwoye, 1994).

METHODOLOGY

The study was carried out in Lagos State with business organizations categorized under the small classification as described by the Ministry

of Trade and Industry. A cross-sectional design, looking at all the variables of external environment was applied. Random sampling technique was used in selecting the respondents of the study. From the fifty-one manufacturing firms, seventeen were selected. The management executive who represented the firms served as the respondents of the study. The interview and focus group discussion were conducted in the month of December 2000. Societal environment variables were measured using the 5-point scale, hence the study sought the opinion of the respondents as to the influence of these variables in management decisions. The data were analyzed using descriptive statistical tools. Data from the secondary sources were also useful in the analysis, in particular the view of the micro scale industries towards the influence of the societal forces. That is, to have a grasp of knowledge about the influence of these factors in decision-making. The variables were adapted from the established factors adopted in the theoretical framework of the study. The study also felt relevant to include a group discussion about the developmental issues on societal forces vital to strategic decisions of the businesses today. In this regard, the respondents were given the freedom of expressing their opinions as to what they feel about key issues in the environment affecting their management decisions.

RESULTS AND DISCUSSION

Societal Environmental Forces and Their Influence

The results in Table 1 show that economic forces have highly (4.27) influenced the management decisions of an organization. Socio-cultural forces have influenced management decision with a mean score of 3.99, which is almost high. Technological forces and political-legal forces have averagely influenced management decisions with mean scores of 3.98 and 3.58 respectively. However, Table 2 shows that management decisions in the micro scale enterprises were averagely influenced by economic (3.70), and technology (3.62). Political-legal had low (2.47) influence on decisions, while socio-cultural had a very low (1.91) influence on management decisions. This can be inferred that

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.

micro business are not affected so much or less (2.93) affected by external business environment compared to small size of economic undertakings, in which decision making is averagely (3.96) influenced by the societal forces.

Economic Forces

The data in Table 3 show that economic forces have influenced the management decisions at the mean score of 4.27, which is equivalent to a high score. The variable devaluation of the currency has highly (4.88) influenced the management decisions. This was followed by

energy availability and cost, which scored 4.71. Other variables that scored high were interest rates (4.35), inflation rates (4.65), unemployment levels (4.59), and wages and price controls (4.41). The remaining variables affected management decisions at an average rate.

Socio-cultural

The data in Table 4 show that socio-cultural has influenced management decisions at almost at a high rate (3.99). This factor was ranked second as depicted in Table 1. Among the variables, regional shift in population (4.82) had

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

Variables	Very HighF/%	HighF/%	AverageF/%	LittleF/%	Very LittleF/%	Mean Score
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

influenced much management decisions. This is brought about by the urban migration believing that there is no “gold” any longer in agriculture and that even the children of farmers today have wanted an “easy to get rich profession”. The socio-cultural variable, growth rate of population was ranked second (4.41). This means that despite family planning program, the country is still experiencing population explosion, in which it has a significant relationship with the demand and the society as a whole. In relation to this, life expectancies and birth rate scored high in influencing management decisions. Because of unemployment rate in the country, career expectation had also influenced management decisions in ranking their priorities.

Changes in life style had influenced management priorities averagely (3.35), hence the country has slow pace in changing or creating culture. However, consumer activities scored very low, which means it has a very low influence in decision making. In the country, consumerism group is yet to get to its growth stage of development or it may be still in

emerging phase. Consumer protection is at the mercies of regulatory bodies of the country, hoping that in the near future when consumer education is a part of educational process, then consumerism would be at its full strength.

Technological

Technological variables had averagely influenced the management decisions of organizations. This is depicted by the means score of 3.98 as shown in Table 5. Among the variables measured, productivity improvements through automation had highly (4.65) influenced management decisions, while total industry spending for R&D scored also high (4.47), and focus of technological efforts scored also high (4.18). These results could be inferred that the companies today embark more and are adapting technological innovations rapidly as compared before. This trend has been revealed with the adoption of information technology that can be observed all over the country. In the banking sector particularly, automation is now the order

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

Variables	Very highF/%	HighF/%	AverageF/%	LittleF/%	Very LittleF/%	Mean Score
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

of the day. These results could also mean that industries today have started to value the precious time of customers. It is also a strategy for them to maintain their competitive position in the marketplace.

Political-legal

The data in Table 6 show that foreign trade regulation had highly (4.35) influenced the management decisions, and stability of government had also highly (4.18) influenced management decisions. In the country, these results are not surprising; hence the government is changing its policies very often because of the constant changes in political power.

Developmental Issues on Business Environment

The exigencies of environmental change influencing business organization decision making is very fundamental, essential, and requires an urgency for management to be aware of these changes or developments. That is, for the company to maintain its competitive position in the industry globally, these major key developments below should be considered. The results in Table 7 also show the priorities felt by organizations today that could be a threat or an opportunity for a firm depending on its resources. The respondents here were given the chance to enumerate all the possible issues they feel could have influenced their decisions. Given an 85 chances, all (100%) of the respondents felt globalization and information technology have effect in management activities, while 82% felt of liberalization and 71% of social responsibility. The explanations to these variables are

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

described below.

Globalization

The world is truly becoming a global village. Information on technology, culture, and the rest of business environments are being exposed and transmitted to all corners of the globe. Each has its to business organizations. For instance, if one is not acting globally, the company will be left behind by competition and end up “niching” the market domestically. Globalization means seeking to serve a basically identical market appearing in many countries around the world. That is, serving global basic needs by developing global products/services, and global strategies to compete with global competitors. Globalization had geocentric orientation, which differs from internationalization that focuses on home country (ethnocentric). A multinational, which is the 3rd stage of industry evolution focuses on independent country (polycentric). The objective of globalization is for growth and development, and the other is survival. Companies that fail to pursue global opportunities will eventually lose their domestic markets because strong and more competitive global competitors will push them.

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.

Liberalization

Liberalization program and other concomitant trade reforms adopted in many countries were aimed at accelerating the growth and more efficient and competitive industries, generate productive employment opportunities for the rapidly growing labor force, improve the efficiency of investment, and sustain the growth performance of export oriented manufacturing firms. Liberalization refers to the removal of the so-called quantitative restrictions which may be in the forms of quotas, outright bans of certain commodities, or licensing procedures and requirements for prior clearance by the regulatory agencies of the government. This means that restrictive rules and protectionist tendencies are being replaced with open regimes with emphasis on free competition. This development would strengthen the efficiency and competitive position of the local producers; hence they will be forced to improve productivity and product quality to be able for them to compete globally.

Information Technology (IT) and Technology Trends

The information technology revolution which started with automation and data communication, which refers to technology development that minimize the necessity of human intervention in the operation and the transmission of data between working stations and computers, e.g. satellite. This beginning of technology revolution and the undergoing social and economic changes called "second industrial revolution" are bringing sharp changes in the way people live, thus affecting management decisions. Information technology has gained commercial importance. The global communication became possible through these space (satellite) optical (optical fibers), and microwave (radio, cellular).

To achieve greater output and enhance information processing to serve the emerging global village, "INTERNET" became a reality. This new technological innovation has its dramatic effect to how people live, work, and even think. This is presently felt by the society and its adaptation is tremendously rapid. In the banking industry, technological innovation has

determined their services and successes. For example in the introduction of Automated Teller Machine (ATM), Electronic Fund Transfer (ETF), and Smart Cards which is the recent and major development so far. With Smart Card, a customer can have an access to his accounts like in Nigeria, this comes in various names: Cash Point (SGBN), First Cash (FBN), and Electronic Purse (Diamond Bank).

Social Responsibility

The changes to what the society expects of its institutions and in what management believes in its proper role in organizations must be given priority by management. There were criticisms against the older view that businesses should pursue profit single-mindedly, with no considerations on social needs. Questions have been raised about the responsibilities of the business community to the nation, world, and the environment. As a result, it was agreed that companies must bear a share of responsibility because problems of pollution, product safety, job discrimination, and bribing public officials, among others are products of corporate practices. According to Carroll (1998), management has 3 basic responsibilities: economic, legal, and social. Economic responsibilities are to produce goods and services of value to society so that the firm may repay its creditors and shareholders. Governments define the legal responsibilities in the form of laws that management is expected to obey. Economic and legal responsibilities are not social responsibilities; they are merely what a business firm must do to stay in business. Social responsibility includes both ethical and discretionary responsibilities. Ethical responsibilities are to follow the generally held beliefs about how people should act in a society

Discretionary responsibilities, in contrast, are the purely voluntary obligations that a corporation assumes.

CONCLUSION

It has been a phenomenon and very obvious that external environmental forces affect the organization's activities. This means, the external environment is increasingly influencing organizations. Among small business enter-

prises in Nigeria, economic factor has been the number one beating the management decisions. The same was the experience of the micro scale enterprises. The external factors that disturbed the small business enterprises are devaluation of the local currency "naira", energy availability and costs, inflation rates, unemployment levels, and interest rate. Socio-cultural variables, such as regional shifts in population, growth rate of population, life expectation, birth rates, and age distribution were primary affecting the major management decisions. These variables therefore in the business environment require management to try to anticipate their possible influence in the business activities (strategies) that they will be able to monitor them on a continuing basis and make use of them as very significant indicator for management decisions. Hence, more effective management plans for potential changes in the environment.

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