

An Appraisal of Economic and Technological Factors on the Performance of Small Scale Business in Ondo State

Dr. Princewill, ADEYEFA¹ | Olayinka I. EMMANUEL-ADEYEFA² | Funke, OGUNYEMI³ | Idowu Paul, OLANITORI⁴

¹Directorate of Internal Audit, Rufus Giwa Polytechnic, Owo, Ondo State, Nigeria

→

oluwafemiadeyefa05@gmail.com

²Doctoral Student, Department of Accounting, Adekunle Ajasin University, Akungba Akoko

→

adeyefaolayinka056@gmail.com

³Ekiti State University, ISM, Akure

→

funkeposi3@gmail.com

⁴Paul Consult, Research and Data Analysis, Rufus Giwa Polytechnic Owo, Ondo State, Nigeria.

→

olanitori.idowup@gmail.com

Abstract: The study appraised the effect of economic and technological factors on the performance of small-scale businesses at Oda, Ondo State. Primary data were collected using questionnaire methods from the sampled SMEs. The data was analyzed using Simple percentage and Chi-Square (X²) and Regression Techniques. The findings of this study clearly show that political and social-cultural factors have significant impact on SMEs performance in Ondo state with the result of hypotheses shown that there were significant positive effect of political and socio-cultural factors through monetary and fiscal policies on the existence of small scale business in Ondo state as the situation was showed through t-statistic and p-value ($P= 0.022 < 0.05$) on coefficient value ($t=2.098 > 2.00$) and F-stat value $7.617 = p(0.034)$ that showed the robustness of the model with significant differences on the impact of economic factor through government measurement and control from how it was before the inception of this government tenure in Ondo state.. The study concludes that environmental factors have impact on performance of SMEs in Niger state. The study recommends that Owners and managers SMEs should strategically engage in constant monitoring and conducting of environmental scanning in terms of proper analysis of strengths, weaknesses, opportunities and threats so as to continually determine the healthy or unhealthy position of their businesses.

Keywords: Environment, Performance, Employees, SME, Ondo State.

1. INTRODUCTION

The importance of small scale business concerns and a good number of comprehensive public policies have been formulated to encourage their operations as well as the owners. According to Tambari, Chioma and Ononogbo (2018), Small and medium scale enterprises in Nigeria are one of the major hits in the changes in operational environment; this may not be unconnected with their lack of capacity to compete with large firms and imported products from other countries where the cost of production is cheaper especially those from the African countries, they enjoy less protection from the government and are exposed to lack of social capital, all these creates pressure on the productivity of SMEs in Nigeria. Aduga, 2013) posited that environment refers to the societal structures and phenomena which determine and influence business activities. These structures are often classified into social, economic, political, physical and legal. Other environmental variables include the availability of labour and the conditions of employment, the nature of demand and supply for goods and services, the government and its policies and actions, the various laws and their administrative system, etc. All of these variables constitute the environment of business. According to Onwukwe and Ifeanacho 2011), the business environment includes firm's improvement in competition and owners, market, technology, laws and government policy, social and economic trends. Business environment

as defined by Obiwuru, Oluwalaye and Okwukwe, 2011) comprises the totality of the external and internal situations that affect the survival and growth of businesses. Hence, the productivity of entrepreneurs is influenced by several environmental factors such as technological environment, economic environment, social environment and political environment which determine its productivity. Nevertheless, managers/owners must respond and adjust to challenges and opportunities 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 (Ogundare, 2019). It is no doubt that the success and performance of any SMEs in any part of the world depends heavily on the environment. The environment in which the business operates can influence the performance of such business either positively or negatively through internal or external environmental factors. Thus, the importance of business environment to the performance of SMEs in Nigeria cannot be overemphasized. Small scale businesses are characterised by dynamism, witty innovations, efficiency and their small size allows for faster decisions-making process. The problems that necessitated this research is to access the effect of environmental factors on the performance of small scale enterprises and the ability to identify, evaluate and react to the challenges are critical to small scale business performance. There are numerous environmental factors affecting the performance of business in Nigeria, other feasible problems which include poor workers

motivation, poor competitive strategies, low core competence, poor infrastructural facilities, financial constraint and excessive overhead and operating costs among others. These features define the operational problems which greatly limit the ability of the small scale business to achieve optimization efficiency in their respective area of business.

Finally, small scale enterprises as a labour intensive industry is likely to be consistent with employment and income distribution objective as being practiced by some selected blocks making industries located in Oda in Akure South Local Government, Ondo State. It is against this background that the study seeks to examine the effect of environmental factors on the performance of Small and Medium Scale Enterprises (SMEs) in Ondo State.

Statement of the Problem

The growth and development of Small scale businesses are affected by both internal and external environmental factors. The performance of small scale business is affected by the internal environmental factors such as sole proprietor's competency, competition, size of the entity, resource, organizational feature, commitment (Kebede and Simesh, 2015). Whereas the external environment factors that hinders the operations of small scale business are technology, economical, legal, political, and socio-cultural. The rate at which small scale businesses are folding up is at an alarming rate and this is due to insecurity challenges, poor power supply, government policies, technological changes, lack of infrastructure, and persistent increase in interest rate. These challenges decrease productivity, reduce profitability and therefore their overall performance is badly affected. And this in turns increase the level of poverty, unemployment rate which have negative effect on the economic development of any country.

Therefore, this study examined effect of environmental factors on the performance of small scale businesses in Ondo State, Nigeria. The following research questions were answered: Can influence of socio-cultural factors determine small scale business in Oda town Ondo State? Can political factors affects small scale businesses on operational environments in Oda, Ondo State?

Research Objectives

- i. To examine the influence of socio-cultural factors on small scale business in Oda town, Ondo State.
- ii. To evaluate the effect of political factors on small scale businesses and their operating environments in Oda, Ondo State.

Research Hypotheses

The following hypotheses were formulated and tested for the research work;

- i. **H₀₁:** economic factors has no significant on the growth of small scale businesses development in Oda, Ondo State.
- ii. **H₀₂:** effect of technological factors has no significant on the survival of small scale business development in Oda town, Ondo State.

2. LITERATURE REVIEW

Environmental Factors

Environment is important because it offers a comprehensive platform to gain more consumers; it ensures growth and development of nations

and business; it improves the economic status of nations; and it fosters a good business relationship with other nations. The environment consists of multifaceted factors that affect business operations and the business has no control over them. These are inevitable external barriers imposed by the environment, people way of life, government, legislation, competitions, technology, and other external factors to a business. Political/Legal factors include the political constraints and instability dictate the pace of business performance in any given nation. Political factors either increase opportunities or registers threats to the progress of organizations in terms of potential growth and revenues, raise or lower corporation tax, increase value added tax on products. Government policies, tax, political instability, corruption and labour trade are political factors that can make or mar the breakthrough of small scale business. The legal factors such as rules and regulations guiding the operations of business (Tambari et al., 2018). All operating business must abide by the government legislation. Increased privacy regulations may present both threat and opportunity. Socio- cultural trends affect business due to influences from consumer behaviour and expectations, perception, level of consumerism which affect sales of products. Socio-cultural environment deals with the way of life of our people in terms of the norms, belief, custom, attitude and religion that are exhibited in the society (Abdullahi & Zainol, 2016). Socio-cultural factor include the collection of activities, and people's relationships, personal and private lives such as age, religion, lifestyles, population features, ageing, career views, cultural barriers, ethnicity, and attitude. Socio- cultural trends affect business due to influences from consumer behaviour and expectations, perception, level of consumerism which affect sales of products.

Small Scale Business

There is no single acceptable criterion for classifying a going concern into small, medium or corporate. The definition varies from country to country and from industry to industry. Several scholars, school of thoughts attributed the characteristics of small scale businesses to numbers of employees, capital outlay, sales turnover, market share, fixed capital investment, available plant and machinery, market share which vary from country to country (Zhiri, 2017). The Central Bank of Nigeria in its credit guidelines classified small scale business as the business with an annual income/asset of less half a million naira (₦500, 000). 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 N15000 in manufacturing equipment alone. Also, its employees are between 10 and 300 people (Ayodeji, 2015).

Small enterprises are business entities that employed between ten to forty nine employees with asset (excluding land and building) of between five million naira and less than fifty million naira while medium enterprises are business enterprise with staff strength of between fifty and one hundred and ninety nine employees and asset (excluding land and building) of between fifty million and less than five hundred million naira (SMEDAN, 2013). In Nigeria, the third National Development Plan defined 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. The Nigeria Industry Development Bank (NIDB) defined small scale business as enterprises with project cost (investment and working capital not exceeding ₦750000). The micro

cottage industries have their total investment cost at (₦ 100000) including capital but excluding

Characteristics of Small Scale Enterprises

The following are characteristics of small scale business enterprises: cordial relationship between the entrepreneur, customers and his employees and he has virtually all necessary information regarding them; decision making authority is centralized and this lead to tight control in the enterprises; small scale business is labor intensive; access to financial assistance in the financial market is limited in scope because of inability to provide the needed collateral security; simple organization structure design; high rate of mortality; low management techniques and skills and these often lead to business inefficiency; owner/management exercise all the functions of management to meet the objective of the business; open competition through ease of entry; inability of the owner to separate the private funds form the company's fund lead to poor performances of most small business; usually reluctant to take risk; performance standards are almost impossible to measure because of non-formalized systems of operation; and difficulties in diversification of business to another incentive ventures.

Business Environment and Performance

Business environment was viewed as set of ethics, norms and frameworks that guide the conduct of business, and influence can be either negative or positive on markets' outcomes, the outcome of markets, factors of production and the cost of doing business (Essie, 2012). These categories of influence can be internal or external forces on the business operations and organisational function (Olota et al., 2018). Business environment is the sum of all variables within and outside an organization relevant to its growth, survival and prosperity. The aggregate of complex and interacting forces outside the confines of business organizations relevant to its day-to-day operations (Obasan, 2014).

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 (Luper and Kwanum, 2012) indicated that organizational performance can be measure in terms of output level. Understanding determinant factors of SMEs performance are viewed an important area of focus in enterprises (Rosli, 2011). Firm's performance is the result of a proper alignment of firm design with the context it operates in. Firm performance can be approached from many perspectives, i.e. from internal (firm) or external (environment) perspective. They explained further that firm's performance from opposite directions: the first from the firm internal viewpoint, and the second from the firm-external point of view. Therefore; business performance is bounded with firm internal factors and with environmental factors.

Empirical Review

Tambari et al (2018) examined the implications of environmental factors on the productivity of Selected Small and Medium Scale Enterprises in Rivers-State. The study took a descriptive survey approach and relied on a Five Point Likert scale questionnaire as its major source of data. The data gathered was analyzed using multiple regressions with the aid of 20.0 version of the statistical package for social sciences (SPSS 20.0). The finding shows that the implications of economic and political environmental factors are severely felt by SMEs than the socio-cultural factors.

Adeyori and Agbadudu (2018) examined the influence of business environmental factors on micro, small and medium enterprise survival in Ondo City Metropolis, Nigeria. The study adopted a descriptive survey as the foci of research design along with the use of simple random sampling. The population of this study comprises of all MSMEs in Ondo City Metropolis, while a sample of four hundred was systematically selected from the study population. Multiple regressions were employed in testing the hypotheses. The findings indicated that there is a significant relationship between business environmental factors and MSMEs survival at $P < 0.05$.

Olakunle, Timothy and Yusau (2018) investigate the Environmental Factors and the Performance of Micro and Small Scale Enterprises (MSEs) in Nigeria: Lessons from Some Selected MSEs in Ondo State Nigeria. The Data for the study were gathered through a structured questionnaire and analysed using descriptive statistics and Spearman Product Moment Correlations. A purposive sampling technique was employed and a sample of 204 owners/managers of MSEs was surveyed. The findings revealed that environmental factors (inadequate finance, inadequate infrastructure and poor managerial skills) have a significant ($p = .05$) and negative relationship with MSEs Performance (profit, revenue and employees). This study recommends that government should do more by making MSEs friendly policies in terms of loan access and zero interest rate.

Eze, Ojo, Adedeji and Nwaba (2018) examined the business environmental factors and Small and Medium Enterprises survival in Oyo State, Nigeria. The study used Survey research design, through the administration of structured questionnaire on selected owners or chief executives of SMEs in Oyo State, Nigeria. The findings revealed that business development support, infrastructural facility and regulatory service, individually have positive and significant effect on SMEs survival.

Mbah and Felix (2019) examined the environmental factors and entrepreneurial productivity of selected hospitality firms in delta state, Nigeria. The study adopted Survey research design. Data was obtained from 25 hospitality firms in the study area. The statistical tools used for the analysis of the data includes; descriptive characteristics of data, group correlation methods and multiple regression test conducted to test hypotheses formulated using Stata version 13.0 software. The result shows that; Environmental factors have significant positive relationship with entrepreneurial productivity.

3. METHODOLOGY

Research Design

Descriptive research design will be used in the course of the study since it is relatively impossible to study all the elements that made up the mode of operations and management of all the small scale industries in Nigeria.

The purpose of survey research is particularly versatile and practical for the administration and therefore identify the current condition for the administration but provide information based on sound decision.

Study Area

This research was carried out in Oda town in Akure South Local Government in Ondo State. Particularly, the field research was conducted in Oda Township. This town is major town and as well populated with different small scale businesses of which, Block industries are counted as one.

Population of the Study

The population of the study shall consist of some block industries in the town under Study Area of which the total numbers of two hundred and fifty (250). The characteristics of the population under the survey of any research is used to estimate the extent to which the conclusion of the research can be generalized. The sample for this study consist of one hundred (154) selected block industries in Oda town and sub Local Government, as being analysed below; Emiloro 25; Kajola ,35; Weliweli, 45; Aaye Community 24; Oke-ekan, 25 and the total is 154 block Industries to be surveyed.

Sampling Techniques

The sample identifies the unit of people chosen from the aggregate population of the study. Census sampling technique was used to select the respondents, using the organization’s register as the sampling name. The basic criteria for selection in the sample were employees experience and duration of their business. The sample size for this study will be census sampling using Yamane (1967);

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

N=p
e=0.05
Where
n=Anticipated total sample size
e = accepted error term
N = population

Therefore, to compute a sample size “n” which will be representative of all confidence limit or 0.05 significance level, this researcher used Yamene’s (1967) formula. The sample size is as follows:

$$= \frac{250}{1 + 250(0.05)^2}$$

$$= \frac{250}{1 + 250(0.0025)}$$

$$= \frac{250}{1 + (0.625)}$$

$$= \frac{250}{1.625}$$

Therefore sample size = 154

The sampling technique for this study shall be heterogeneous purposive sampling techniques. The choice for this sampling technique is based on the fact that SMEs are of different types. The researcher personally have to visit the respondents to administer the questionnaires and also made contact with selected respondents. The research instrument will be subjected to content and construct validity to ascertain the validity of the instrument and reliability through Cronbach’s Alpha Coefficient. The content validity will be established

in consultation with supervisor in charge of the project from Oda, Ondo State.

To establish the reliability of the study, the research used pilot study in sampling of 10 business units at Oda, in Akure South local government area of Ondo state. They was administered with the questionnaire at an interval of two weeks. The score obtain from the administration of the instrument will be subjected to correlation analysis using Pearson Product Moment Correction Analysis which will yield a coefficient of.

Method of Data Analysis

The data for this study was analysis using descriptive and inferential statistics from the angle of chi-square (X²) and OLS regression techniques. The descriptive shall be used to elicit information from the respondents, demographic characteristics while the inferential shall be used to explain the relationship between independent variable and dependent variable (environmental factors and SMEs performance).

The qualitative data used in this study will be analyzed using the statistical package for social science (SPSS), In this study, the independent variable is management by objective, which the dependent variable is employee’ s performance. For the purpose of data analysis, both descriptive and inferential statistics such as frequency tables, regression and chi-square analysis was used. Since it shows the impact of the variable on the other variable. The regression model were used to test the effect of economic factors on the growth of small scale businesses and political factors affects small scale businesses on operational environments by objective on performance of small scale business in ondo state.

Regression is given as:

$$SSB = f (EF, PF)$$

Linear form becomes, where;

SSB= Small Scale Businesses Growth (Dependent Variable)

EF= Economic Factors

PF= Political Factors

$$SSB = \beta_0 + \beta_1 EF + \beta_2 PF$$

Constant; β_0

β_1, β_2 = Gradient or the slope

EF= Effect of Economic Factors, PF = Political Factors Affects (Independent Variables)

E = Error Terms.

4. DATA ANALYSIS AND DISCUSSION

Out of 154 questionnaire copies distributed among small scale businesses settling in, Oda, Ondo State, returned fully completed via one on one form thus representing an effective response rate of (150) 97% out of 154.

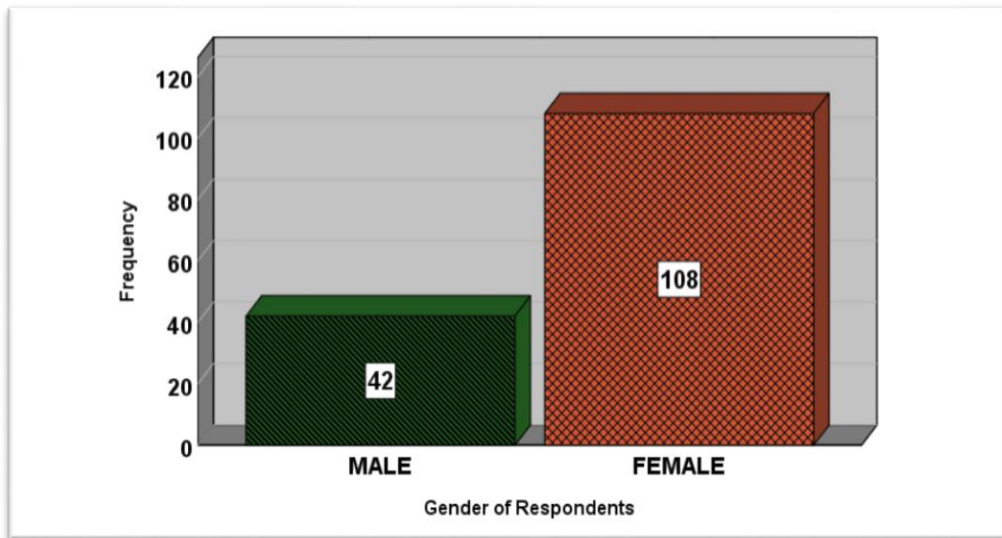
Data Analysis

Table 1: Gender of Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	42	28.0	28.0	28.0
	Female	108	72.0	72.0	100.0
	Total	150	100.0	100.0	

Source: Fieldwork, 2023

Out of 150 respondents captured among business structure, 42 respondents representing (28.0%) were males, while 108, (72.0%) were female. This indicates that all most of business owners came from

female fossil, because this means, more women engaged in business in that environment than men and base on this experience, their experience count better. This is shown in the presentation below.

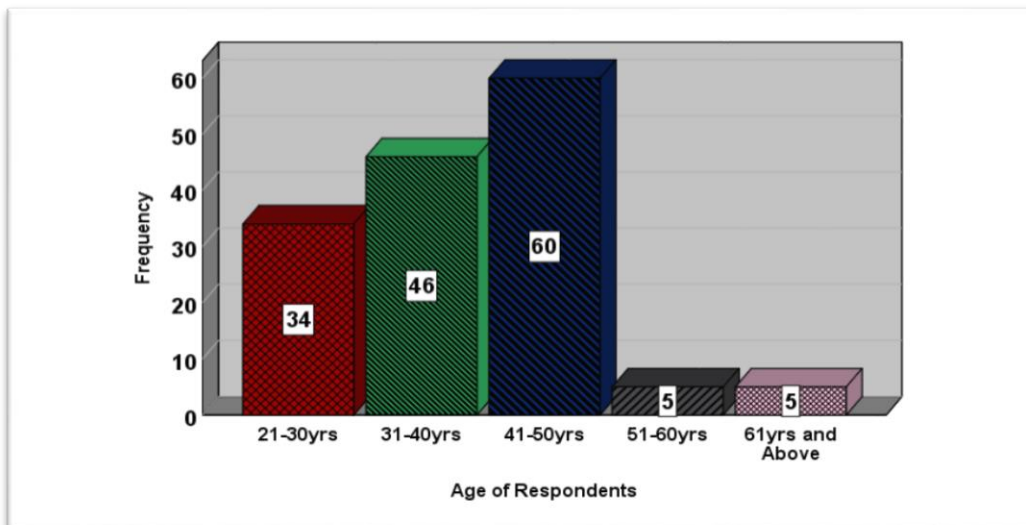


		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30yrs	34	22.7	22.7	22.7
	31-40yrs	46	30.7	30.7	53.3
	41-50yrs	60	40.0	40.0	93.3
	51-60yrs	5	3.3	3.3	96.7
	61yrs and Above	5	3.3	3.3	100.0
Total		150	100.0	100.0	

Source: Fieldwork, 2023

The table 2 above, showed that 34 respondents representing (22.7%) ranged between 21-30years, 46, (30.7%) of the business man/woman captured were young. within 31-40years, 60, (40.0%) of them being within 41-50years, and 6, (3.3%) of them being within 51-60years also

61years and above. This implies that the most of the business owners were range between 21-50 years on the bases of their experience concerning business expertise and issues, only (6.6%) were old and aging in this response. The structure is below.



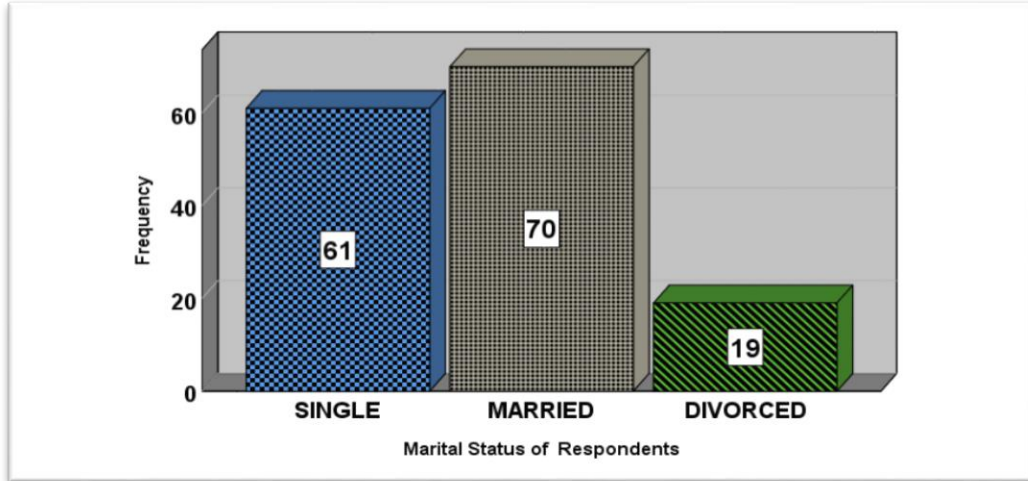
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	61	40.7	40.7	40.7

Married	70	46.7	46.7	87.3
Divorced	19	12.7	12.7	100.0
Total	150	100.0	100.0	

Source: Fieldwork, 2023

The table above shows the years in marital status of respondents on the business link at Oda, Ondo state, under the effect of environmental factors on small scale business owners. 61, (40.7%) were single, 70,

(46.7%) also had married, 19, (12.7%) has married, while 19, (12.7%) had divorced. This champion that more family business owners are with more responsibility on higher range.

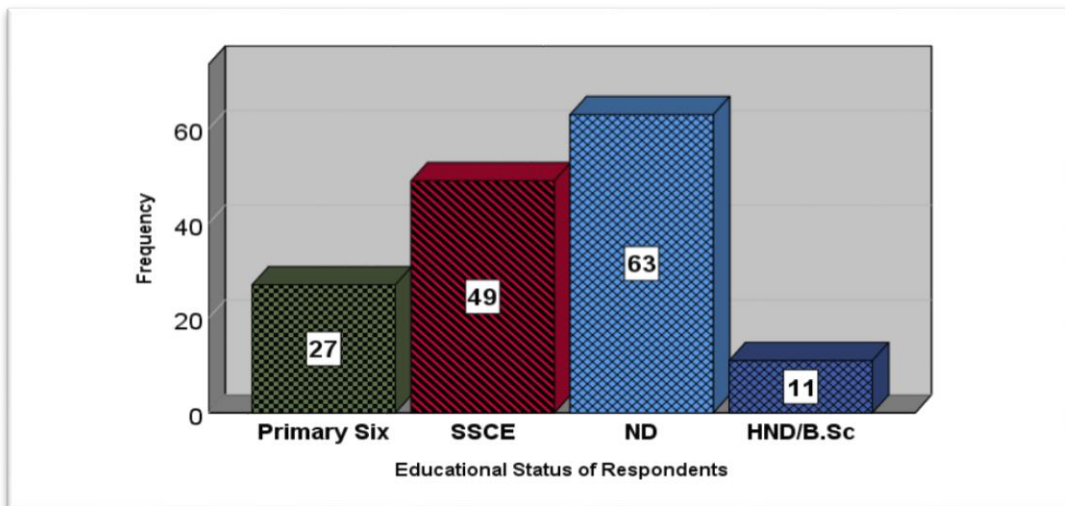


		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary Six	25	16.7	16.7	16.7
	SSCE	47	31.3	31.3	48.0
	ND	67	44.7	44.7	92.7
	HND/B.Sc.	11	7.3	7.3	100.0
	Total	150	100.0	100.0	

Source: Fieldwork, 2023

The present position showed the academic level small scale business owners response that were captured in the table 4 above; 25 of them have knowledge of Primary School representing (16.7%), 47 of them were Secondary School Holders representing (31.3%), 67 of them were National Diploma Holders representing (67.7%), 11 of them were

others have Tertiary Institutions knowledge representing (7.3%). The table showed that more of business men/women owners captured had educational background to do businesses with their investment in knowledge seeking till National Diploma, this is captured below.



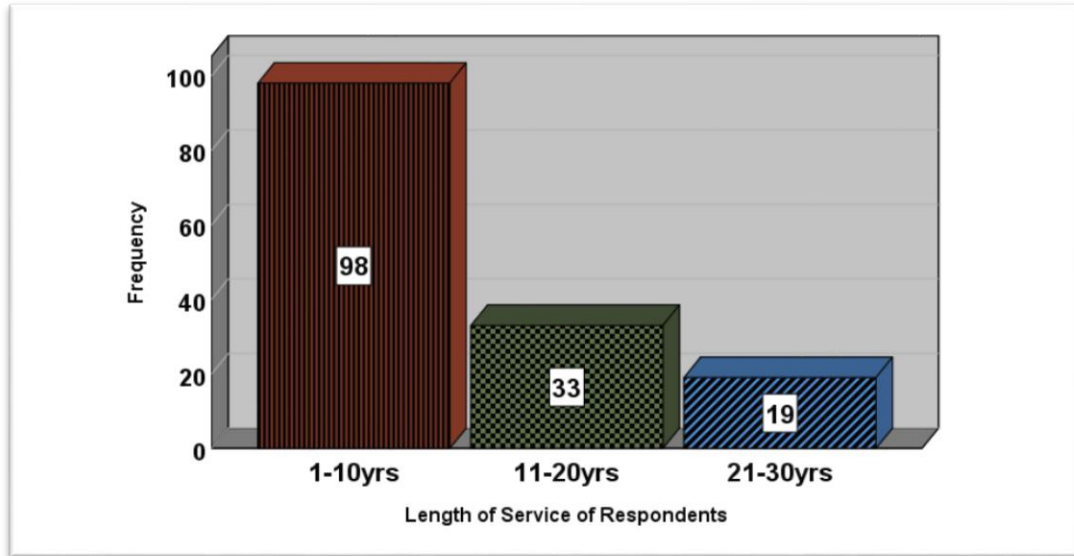
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	1-10yrs	98	65.3	65.3	65.3
	11-20yrs	33	22.0	22.0	87.3
	21-30yrs	19	12.7	12.7	100.0
	Total	150	100.0	100.0	

Source: Fieldwork, 2023

The table 5 above, showed how of small scale business owners at Oda Ondo state on the time they have being spending on the business they are, 98 (65.3%) had spent (1-10years), 33 (22.0%) had spent (11-

20years) and 19 (12.7%) had spent (21-30yrs). This means that most of the businesses had spent more than 10years as a business man and woman.



Testing of Hypotheses

H₀₁: economic factors has no significant on the growth of small scale businesses development in Oda, Ondo State.

The Model for testing for economic factors effect on small scale businesses development at Oda town in Ondo state as was stated below;

$$SSB = \beta_0 + \beta_1 EF + e \dots\dots\dots 1$$

Here, SSB is the dependent variable, this is small scale businesses development (SSB), and it is measured be change in responses of agreed and disagreed of respondents under roles of Economic factor β_0 and β_1 are the parameters. Meanwhile, Economic factor (EF) is the independent variable. That is, contribution of the economic factor in Small Scale Business (SSB). This is measured as a change in responses of agreed and disagreed of respondents under their benefits, while U is error term.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.740	1	3.740	7.617	.034 ^b
	Residual	72.657	148	.491		
	Total	76.697	149			

Source: Field Survey, (2023).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.664 ^a	.604	.603	.701	1.856

Source: Field Survey, (2023).

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		β	Std. Error	Beta		
1	(Constant)	3.268	.097		33.667	.000
	Effect of Economic Factors	.006	.032	.003	2.098	.022

Source: Field Survey, (2023).

Table 6-8 show regression and ANOVA results on the roles of Economic Factors on Small Scale Business in Oda, Ondo state, as economic factors is independent variable and small scale business is dependent variable. The inferential statistical test was run to infer whether there was or there was no significant relationship of economic factors (EF) on the growth of small scale businesses development (SSB) in Oda, Ondo State and also, significant difference in the involvement of economic factors through monetary and fiscal policies on Small Scale Business (SSB) in Ondo state as was stated. There was a significant positive effect of economic factors through monetary and fiscal policies on the existence of small scale business in Ondo state as the situation was showed through t-statistic and p-value

($P= 0.022 < 0.05$) on coefficient value ($t=2.098 > 2.00$) and F-stat value $7.617 = p(0.034)$ that showed the robustness of the model with significant differences on the impact of economic factor through government measurement and control from how it was before the inception of this government tenure in Ondo state. Upon this, null hypothesis one (H_{01}) was rejected on the ground that, economic factors has no significant on the growth of small scale businesses development in Oda Ondo State and agreed that, there was significant impact/effect of economic factors on the growth of small scale businesses development in Oda, Ondo State.

H₀₂: effect of technological factors has no significant on the survival of small scale business development in Oda town, Ondo State.

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.186 ^a	9	.006
Likelihood Ratio	9.542	9	.389
Linear-by-Linear Association	.255	1	.614
N of Valid Cases	150		

Source: Field Survey, (2023).

As shown in Table 9 a chi-square of independence was performed to examine the significant of technological factors on the survival of small scale business development in Oda town. The table shown that the relationship between technological factors on the survival of small scale business development in Oda town was significant since calculated χ^2 (20.186) was greater than the critical χ^2 (16.92) at the 0.05 level of significance ($\chi^2 = 20.186$, $df=09$, $p < 0.05$). This implies that there is a significant predication of technological factors on the survival of small scale business development in Oda town, hence the null hypothesis was rejected.

Discussion of Findings

Based on the result of the hypotheses tested as follows:

Wetherly and Otta (2011) described the socio-cultural environment as consisting of everything that is not contained within the economy or political system. According to him, 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. Socio-cultural environment deals with the way of life of our people in terms of the norms, belief, custom, attitude and religion that are exhibited in the society (Abdullahi and Zainol, 2016). The relationship between socio-cultural factors on the survival of small scale business development in Oda town was significant since calculated χ^2 (20.186) was greater than the critical χ^2 (16.92) at the 0.05 level of significance ($\chi^2 = 20.186$, $df=09$, $p < 0.05$). This implies that there is a significant predication of technological factors on the survival of small scale business development in Oda town, hence the null hypothesis was rejected.

There was a significant positive effect of economic factors through monetary and fiscal policies on the existence of small scale business in Ondo state as the situation was showed through t-statistic and p-value ($P= 0.022 < 0.05$) on coefficient value ($t=2.098 > 2.00$) and F-stat value $7.617 = p(0.034)$ that showed the robustness of the model with significant differences on the impact of economic factor through

government measurement and control from how it was before the inception of this government tenure in Ondo state. Upon this, null hypothesis one (H_{02}) was rejected on the ground that, economic factors has no significant on the growth of small scale businesses development in Oda Ondo State and agreed that, there was significant impact/effect of economic factors on the growth of small scale businesses development in Oda, Ondo State.

Conclusions and Recommendations

The finding shows that business environment such as exchange rate, interest rate, inflation rate, economic policies put in place by government are factor affecting SME's business performance.

The study indicates that socio-cultural factor such as religious activities, cultural background, religious believe and the way of life of the people affects SME's business performance. Lastly, the study also shows that political factors such as kidnapping, Political unrest, Herdsmen Vandalism and Boko Haram activities have affected SMEs performance in Ondo state. The findings of this study is a clear evidence that business environment is a key factor in determining business performance and productivity in Nigeria. As a result, knowing the best environmental factor impacting the performance of SMEs in Ondo 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, the study therefore concluded that environmental factors have impact on performance of SMEs in Niger state. The following recommendations are made based on the findings of the study;

- i. Government should look into the economic factors that pretense unnecessary constraints on businesses in Nigeria. Nigerian economic trends such as interest rate, inflation rate and unemployment should be attended to by stakeholders in charge.
- ii. Owners and managers SMEs should strategically and tactically engage in constant monitoring and conducting of

environmental scanning before and after locating their business in terms of proper analysis of strengths, weaknesses, opportunities and threats so as to continually determine the healthy or unhealthy position of their businesses.

- iii. Owners and managers SMEs should learn to align their operational strategies with present market and environmental realities and trend in line with world best

global practice. This calls for a regular update and adjustment in strategies and system of businesses.

- iv. 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.

REFERENCES

- Abomeh, O. S., & Peace, N. N. (2015). Effects of Training on Employees' Productivity in Nigeria Insurance Industry. *British Journal of Economics, Management & Trade*, 7(3), 227-235.
- Akhigbe, O J. (2013). Human Resource Planning: A Key Factor in Ensuring the Effectiveness and Efficiency of Organization. *Journal of Emerging Trends in Economics and Management Sciences*, 4(4), 388-396.
- Eze B.U., Ojo O.J., Adedeji A.A and Nwaba E.K (2018) business environmental factors and Small And Medium Enterprises Survival In Oyo State, Nigeria. *LASU Journal of Business Review*, 5(1)
- Halim. S. A., & Zcki, A. M. (2012). Manpower Model for Human Resource Planning Management. *International Conference on Advanced Computer Science Applications and Technologies*, 1-4.
- Kebede, M. & Kimesh, G. (2015). The impact of environmental factors on the performance of micro & small-scale enterprises in East Gojjam Zone, Ethiopia. *International Journal of Science and Research*, 6(3), 1619-1629.
- Obasan, K.A. (2014). The impact of business environment on the survival of small scale businesses in Nigeria. *International Journal of Management and Business Research*, 4(3), 165-170.
- Obasan, K. A. (2014). The impact of business environment on the survival of small scale businesses in Nigeria. *Int. J.Manag. Bus. Res.*, 4(3), 165-170.
- Luper, I., & Kwanumi, M., (2012). An Assessment of risk management of small and medium scale enterprises in Nigeria, *Research Journal of Finance and Accounting*, 3(5), 151- 158.
- Mbah, S.I. & Felix, N (2019) Environmental factors and entrepreneurial productivity of selected hospitality firms in delta state, Nigeria. *Global Journal of Education, Humanities and Management Sciences (GOJEHMS)*; Vol.1 No.2, September, pg.112-124; ISSN(Print): 2705-2494; ISSN(Online):2705-2486
- Mulugeta K. and Getaendale S. (2015). The Impact of Environmental Factors on the Performance of Micro & Small-Scale Enterprises in East Gojjam Zone, Ethiopia. *International Journal of Science and Research (IJSR) ISSN (Online): 2319-7064.*
- Nwezi, H.N., Onwuka, E.M., & Onyesom, M. (2017). Entrepreneurship evolution and the growth of small scale businesses in Nigeria. *Journal of Business and Economic Development*, 2(3): 176-181.
- Obiwuru, T., Okwu, A., Akpa, V., & Nwankwere, I., (2011). Effects of leadership style on organizational performance: A survey of selected (SSE) Lagos Nigeria, *Australian Journal of Business and Management Research*. 1(7): 100-111.
- Olota O.O, Abdul, F.A, & Oladipo, G.T. (2018) Impact of Environmental Factors on Business Performance in Kwara State, Nigeria.
- Orogbu, L., Onyeizugbe, C., U., & Chukwuma, E., (2017) Economic environment of small and medium scale enterprises: Implications on economic growth in Nigeria. *British Journal of Economics, Management and Trade* 19(4) 1-12 ISSN: 2456-9216.
- Osoimehin K.O, Jegede C. A, Akinlabi B. H & Olajide O.T. (2012). An Evaluation of the Challenges and Prospects of Micro and Small Scale Enterprises Development in Nigeria, *American International Journal of Contemporary Research*, 2(4).