

**THE BUSINESS ENVIRONMENT AND ORGANISATION
PERFORMANCE IN BEVERAGE INDUSTRY**



**OSAMWONYI PRECIOUS JOHN
MGS2104870**

**DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF BENIN
BENIN CITY**

NOVEMBER, 2025

**THE BUSINESS ENVIRONMENT AND ORGANISATION PERFORMANCE
IN BEVERAGE INDUSTRY**

**OSAMWONYI PRECIOUS JOHN
MGS2104870**

**A RESEARCH PROJECT WRITTEN AND SUBMITTED TO THE
DEPARTMENT OF BUSINESS ADMINISTRATION, FACULTY OF
MANAGEMENT SCIENCES, UNIVERSITY OF BENIN IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR DEGREE OF BACHELOR
OF SCIENCE (BSc) IN BUSINESS ADMINISTRATION OF THE
UNIVERSITY OF BENIN, BENIN CITY**

November, 2025

DECLARATION

I, **OSAMWONYI PRECIOUS JOHN**, hereby declare that the entire research work being submitted in partial fulfillment of the requirement for the award of the degree in Business Administration, in University of Benin, Benin City, Edo State is the result of my independent assessment.

This project is based on a research undertaken by me in the department of Business Administration, University of Benin, Benin City, Edo State, Nigeria.

1. This work has not been previously submitted for the award of a degree anywhere.
2. All ideas and views are product of my personal research and where the views have been expressed, they have hence been duly acknowledged.
3. I solely accept all legal responsibility that may arise as a result of any copyright infringement that may arise from any work cited in this project.

OSAMWONYI PRECIOUS JOHN
MGS2104870

Date

CERTIFICATION

We certify that **OSAMWONYI PRECIOUS JOHN** with the Matriculation Number **MGS2104870** submitted this research work to the Department of Business Administration, Faculty of Management Sciences, University of Benin, Benin City.

S.A. IGHIEHON
Project Supervisor

DATE

Dr. S.A. ADEKUNLE
Project Coordinator

DATE

Dr. D.O. OGBEIDE
Ag. Head of Department, Business Administration

DATE

DEDICATION

This work is dedicated to God Almighty, who in His infinite mercy and love have seen me through the course of my study, his grace and favor has brought me this far. Also, to my loving parents Mr and Mrs Osamwonyi John who have supported and encouraged me through the course of this program, your unending love and sacrifices for me got me this far, I am forever grateful to you.

ACKNOWLEDGEMENTS

Firstly, my profound gratitude goes to God for helping me throughout the course of this project and giving me the inspiration and strength needed to complete it.

Also, sincere appreciation goes to my project supervisor Mrs. S.A. Ighiehon for her support and mentorship throughout the course of this project. Her constructive corrections, help, suggestions and encouragement from time to time assisted me in completing this work. This project could not have had a better supervisor.

I owe a great deal of great deal of gratitude to everyone who have who have contributed to the successful completion of this work and whose role have helped in the course of my programme in this institution. I appreciate the person of Dr. D.O. Ogbeide, HOD Business Administration; Dr. S.O. Omigie, Prof .I. Shaibu and all my lecturers. Your love, encouragement, and support for this work is duly appreciated.

To my dear Parents, Mr. and Mrs. Osamwonyi John, my beloved friend Jimmy Aideyan and my buddies, Ezekiel, Bunmi, Mercy and Fidelis; and all my course mates, all whose names time will fail me mention, I want to say a big thank you for your financial, emotional, spiritual and moral support for this work. God bless you all.

TABLE OF CONTENTS

Title Page	-	-	-	-	-	-	-	-	-	i
Declaration	-	-	-	-	-	-	-	-	-	ii
Certification	-	-	-	-	-	-	-	-	-	iii
Dedication	-	-	-	-	-	-	-	-	-	iv
Acknowledgments	-	-	-	-	-	-	-	-	-	v
Table of Contents	-	-	-	-	-	-	-	-	-	vi
Abstract	-	-	-	-	-	-	-	-	-	x

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study	-	-	-	-	-	-	-	-	1
1.2 Statement of Research Problem	-	-	-	-	-	-	-	-	4
1.3 Research Questions	-	-	-	-	-	-	-	-	7
1.4 Research Objectives	-	-	-	-	-	-	-	-	8
1.5 Research Hypotheses	-	-	-	-	-	-	-	-	9
1.6 Significance of the Study	-	-	-	-	-	-	-	-	10
1.7 Scope of the Study	-	-	-	-	-	-	-	-	11
1.8 Limitations of the Study	-	-	-	-	-	-	-	-	12

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction	-	-	-	-	-	-	-	-	13
2.2 The Concept of the Beverage Industry in Nigeria	-	-	-	-	-	-	-	-	13
2.3 The Concept of Performance	-	-	-	-	-	-	-	-	15

2.4 Performance Measures	-	-	-	-	-	-	-	18
2.4.1 Increase in Sales	-	-	-	-	-	-	-	19
2.4.2 Profitability	-	-	-	-	-	-	-	19
2.4.3 Innovation	-	-	-	-	-	-	-	20
2.4.4 Effectiveness	-	-	-	-	-	-	-	20
2.4.5 Efficiency	-	-	-	-	-	-	-	21
2.5 Concept of External Business Environment				-	-	-	-	21
2.5.1 Economic Environment		-	-	-	-	-	-	25
2.5.2 Socio-cultural Environment		-	-	-	-	-	-	28
2.5.3 Technology Environment		-	-	-	-	-	-	31
2.6 External Business Environment and Performance of Firms						-	-	35
2.7 Review of Empirical Studies		-	-	-	-	-	-	37
2.8 Gaps	-	-	-	-	-	-	-	72
2.9 Theoretical Framework	-	-	-	-	-	-	-	72
2.9.1 Contingency Theory	-	-	-	-	-	-	-	72
2.10 Research Model	-	-	-	-	-	-	-	74
2.11 Summary of the Chapter		-	-	-	-	-	-	75

CHAPTER THREE: RESEARCH METHODS

3.1 Introduction	-	-	-	-	-	-	-	76
3.2 Research Design	-	-	-	-	-	-	-	76
3.2 Population	-	-	-	-	-	-	-	-

3.3 Sample Size and Sampling Technique	-	-	-	-	-	-	77
3.4 Sources of Data	-	-	-	-	-	-	79
3.5 Method of Data Collection	-	-	-	-	-	-	79
3.6 Research Instrument	-	-	-	-	-	-	80
3.7 Reliability Test	-	-	-	-	-	-	80
3.8 Validity Test	-	-	-	-	-	-	81
3.9 Measurement of Variables-	-	-	-	-	-	-	81
3.9 Operationalization of Variables	-	-	-	-	-	-	82
3.10 Method of Data Analysis	-	-	-	-	-	-	84

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS, RESULT, AND INTERPRETATION

4.1 Introduction	-	-	-	-	-	-	85
4.2 Demographics of Respondents	-	-	-	-	-	-	85
4.3 Descriptive Analysis of Business Environment in Beverage Industries	-						89
4.4 Descriptive Analysis of Organisational Performance of Beverage Industries							97
4.5 Relationship between Business External Environmental Factors and Performance of Selected Beverage industries in Benin City	-	-	-	-	-	-	99
4.5.1 Regression Coefficients Interpretation	-	-	-	-	-	-	
4.6 Correlation Matrix: Organisational Business External Factors and Performance of Selected Beverage industries in Benin City	-	-	-	-	-	-	105

4.7 Test of Hypotheses	-	-	-	-	-	-	-	107
4.8 Discussion of Findings	-	-	-	-	-	-	-	112
CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS								
5.1 Introduction	-	-	-	-	-	-	-	116
5.2 Summary of Findings	-	-	-	-	-	-	-	116
5.3 Contribution to Knowledge	-	-	-	-	-	-	-	118
5.4 Conclusion	-	-	-	-	-	-	-	119
5.5 Recommendations-	-	-	-	-	-	-	-	120
5.6 Suggestions for Further Studies	-	-	-	-	-	-	-	121
REFERENCES	-	-	-	-	-	-	-	123
APPENDIX	-	-	-	-	-	-	-	139

ABSTRACT

The business environment in Nigeria has become increasingly complex, with firms facing various challenges that arise from political, economic, social, technological, environmental, and legal factors. For the soft drink industry, these factors influence not only production and distribution but also the overall performance and sustainability of firms. The need to understand how these external conditions shape organizational outcomes formed the basis of this study.

The study examined the influence of the external business environment on the performance of firms in Nigeria's soft drink industry. Using the PESTEL framework, the study focused on six key dimensions of the external environment: political, economic, socio-cultural, technological, environmental, and legal factors. A descriptive survey design was employed, and data were gathered through a structured questionnaire administered to staff of selected beverage industries, including Seven-Up Bottling Company and Coca-Cola Bottling Company in Benin City, Edo State. The data collected were analyzed using both descriptive and inferential statistical methods.

Findings from the study showed that the external business environment has a significant impact on the performance of soft drink firms in Nigeria. Economic and political factors were found to be the most influential, particularly inflation, exchange rate fluctuations, and unstable government policies. Technological and legal factors also had positive effects on firm performance, improving operational efficiency and compliance. Socio-cultural and environmental factors exerted moderate influence, reflecting the growing importance of health awareness and environmental sustainability in consumer behavior.

The study concluded that the ability of beverage industries in Nigeria to survive and remain competitive depends largely on how effectively they monitor and adapt to changes in their external environment. It was recommended that government should ensure policy consistency, reduce multiple taxation, and provide a more stable economic climate for manufacturing businesses. Firms are encouraged to invest in technological innovation, adopt sustainable practices, and diversify their product lines to meet changing consumer needs.

Keywords: *External business environment, firm performance, PESTEL framework, beverage industry, Nigeria.*

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Business has been defined as entailing commercial or economic activities involving the production of goods or the offering of services to make a profit or some economic gains (Alfonsius, 2020). This may be done at an individual, group, or national level. A Business can either be for-profit or not-for-profit; the distinction lies primarily in the motive of its establishment (Pettinger, 2021). Businesses may also be conducted locally or at an international level. At the local level, businesses are conducted within the confines of one's geographical territory; this is often regarded as domestic or home-trade. Whereas Foreign or international businesses transcend one's immediate country or geographical borders into territories that are distinct and diverse in many respects (politically, economically, socially, technologically, environmentally, and legally) (Hitt, Li, & Xu, 2020).

Businesses, whether local or international, do not exist in isolation, nor in a vacuum, but rather within the confines of some geographical environments whose elements or factors exert a considerable level of influence on their operations and activities. The business environment may be classified as either internal or external (Nsofor, 2021). The internal environment of a business includes factors that exist within the organization and are largely under its control. These factors consist of the employees, management, organizational culture, company resources, and internal structures. The

external environment, on the other hand, includes factors that are outside of the firm, which exert considerable pressure and influence on its operations and activities, and over which the business has no direct influence. The external environment may be further classified into the micro, which includes customers, competitors, suppliers, and regulators, the macro, which involves broader forces like political conditions, economic trends, technological changes, legal regulations, and social dynamics, and the international environment, which comprises influences by international trade agreements, global economic shifts, cross-border regulations, foreign market dynamics, exchange rates, geopolitical tensions, and international competition.

In management, the word “Environment” does not necessarily mean physical surroundings, but is used to describe all those influences that bear upon the individual organizations. Business environment is used to mean anything that surrounds the business organization. It affects the decisions, strategies, processes, and performance of the business. The business environment is unique and largely distinct for each firm. What constitutes an environment for one business may vastly vary for another. This is owing to a number of factors, such as the type of business, the size of the business, the industry, location, and a host of other factors. More so, the environment provides varying levels of both opportunities that can be exploited by businesses to their advantage, and threats that may interrupt, interfere with, and threaten their operations and survival. This is because the business environment is dynamic and filled with uncertainties (Yustian, 2021). Rapid and unplanned changes

may occur, which can impact and destabilize the existing status quo. As such, it becomes pertinent for businesses to constantly monitor and evaluate their environment as a means of ensuring their competitiveness and survival. A method by which businesses stay abreast with trends, changes, and events in their environment is through environmental scanning and analysis. Environmental scanning involves the ongoing collection and examination of information from the internal, micro, macro, and international environment, which helps businesses detect early signs of change and stay informed about emerging trends (Garry, 2022). Similarly, environmental analysis is a proactive measure taken by businesses to identify trends, events, and happenings around them, which involves the systematic collection, analysis, and interpretation of information about the business environment to evaluate its implications for the organization. This process assists in making strategic decisions, formulating policies, and planning for the future. The common techniques utilized by businesses in evaluating and analyzing the business environment are the SWOT analysis and PESTLE analysis.

The Nigerian business environment has witnessed a lot changes from the period of the oil boom in the 1960s and the early 1970s. Austerity measures in the early 1980s and the structured adjustment programme in the late 1980s from the company act of 1960s allied matter decree in the 1990s, undoubtedly brought in the eighty's the opportunities to be exploited by some firms or the problems that inhibit the survival of so many business firm. The need for studying business environment became

important considering the fact that business organization do not operate in vacuum and effective management in complex and dynamic society such as Nigeria, requires the assessment of strengths and weaknesses of the organization and the opportunities and threats posed and the challenges of the external environment by the challenges of the external environment. For survival and growth, organization must adapt to these changes. The broad objective of this study is to examine the impact environmental challenges on the performance of business organization.

1.2 Statement of Research Problem

Nigeria's beverage industry operates in a complex and dynamic business environment where external forces critically influence performance. Using the PESTEL framework, political, economic, socio-cultural, technological, environmental, and legal dimensions, it becomes clear that the industry is increasingly exposed to volatility and regulatory pressures that threaten growth and profitability.

Policy inconsistency, government taxation policies, and regulatory interventions significantly affect the performance of the beverage industry. For instance, the Nigerian government introduced a ₦10 per litre excise duty on sugar-sweetened beverages (SSBs) through the Finance Act of 2021, with implementation beginning in 2022 (Adebayo, 2023). However, public health advocacy groups argue that this levy remains inadequate to influence consumption patterns, recommending increases

to align with World Health Organization (WHO) standards (Olatunji & Hassan, 2022). Political instability and weak enforcement of regulatory policies further compound uncertainties in the sector.

The industry faces severe economic pressures arising from inflation, exchange rate depreciation, and multiple taxation regimes. Rising production costs due to currency volatility and high import bills for inputs such as sugar, concentrates, and packaging materials have constrained profitability (Akinwale & Adepoju, 2023). Inflationary trends have also reduced consumers' purchasing power, leading to fluctuating demand for beverages (Sunday, Idika, Onyike, & Nwadike, 2022).

Shifts in consumer preferences, driven largely by rising health consciousness, are reshaping the market. Increased awareness of the health risks associated with sugar consumption, including obesity, diabetes, and cardiovascular diseases, has placed pressure on manufacturers to diversify product offerings (Echo, 2023). Campaigns by health advocacy coalitions, such as the National Action on Sugar Reduction, further highlight changing attitudes toward sugary drinks (Okafor & Adeyemi, 2023).

Technological innovations in production processes, automation, and digital marketing present opportunities for efficiency and competitiveness. However, the adoption of such technologies in Nigeria remains uneven due to infrastructural bottlenecks, epileptic electricity supply, and limited access to capital (Ogunyemi,

2022). This technological gap leaves many firms vulnerable to inefficiencies and competitive disadvantages compared to global players.

The industry is under growing pressure to adopt sustainable practices, particularly in packaging and waste management. Global concerns about climate change, plastic pollution, and environmental degradation have translated into stricter environmental standards for beverage companies (Adeola & Oyewole, 2021). At the same time, climate-induced disruptions such as flooding and irregular rainfall patterns affect raw material supply chains and distribution networks (Nnaji, 2022).

The regulatory landscape continues to expand with stricter excise tax regimes, compliance with food safety standards, and health-related labeling requirements. For example, legal obligations tied to sugar content reduction and nutritional disclosures impose additional compliance costs on firms (Olatunji & Hassan, 2022). In addition, weak enforcement of intellectual property rights and contract laws creates uncertainties in market operations (Okonkwo, 2021).

Despite these multi-dimensional challenges, much of the existing research in Nigeria still focuses primarily on internal financial indicators such as profitability, sales volume, and efficiency, while giving limited attention to how external environmental factors shape outcomes. This narrow approach creates blind spots in understanding why even well-managed firms in the beverage industry often struggle to sustain performance.

Hence, there exists a critical research gap in the relationship between the business environmental factors and the performance of firms in Nigeria's beverage industry, and it remains insufficiently explored. A deeper understanding of these dynamics is essential for explaining the underperformance of firms despite managerial competence, as well as for providing evidence-based insights that can inform both policy and strategic decision-making in the sector.

1.3 Research Questions

- i. To what extent do political factors (such as taxation policies, government regulations, and policy consistency) influence the performance of beverage industries in Nigeria?
- ii. How do economic factors (including inflation, exchange rate volatility, and consumer purchasing power) affect the performance of beverage industries in Nigeria?
- iii. What is the impact of socio-cultural factors (such as rising health consciousness and changing consumer preferences) on the performance of beverage industries in Nigeria?
- iv. How do technological factors (such as automation, production efficiency, and digital marketing) contribute to the performance of beverage industries in Nigeria?

- v. In what ways do environmental factors (such as climate-related disruptions, waste management, and sustainability pressures) affect the performance of beverage industries in Nigeria?
- vi. To what extent do legal factors (including compliance with excise tax, food safety standards, and regulatory obligations) shape the performance of beverage industries in Nigeria?

1.4 Research Objectives

The broad objective of this study is to examine the influence of the external business environment, as captured by the PESTEL framework, on the performance of firms in Nigeria's beverage industry.

The specific objectives are to:

- i. Assess the extent to which political factors such as taxation policies, government regulations, and policy consistency influence the performance of beverage industries in Nigeria.
- ii. Examine how economic factors, including inflation, exchange rate volatility, and consumer purchasing power, affect the performance of beverage industries in Nigeria.
- iii. Investigate the impact of socio-cultural factors such as rising health consciousness and changing consumer preferences on the performance of beverage industries in Nigeria.

- iv. Evaluate how technological factors, including automation, production efficiency, and digital marketing, contribute to the performance of beverage industries in Nigeria.
- v. Determine how environmental factors such as climate-related disruptions, waste management, and sustainability pressures affect the performance of beverage industries in Nigeria.
- vi. Analyze the extent to which legal factors, including compliance with excise tax, food safety standards, and regulatory obligations, shape the performance of beverage industries in Nigeria.

1.5 Research Hypotheses

The following null hypotheses are formulated to guide the study:

H₀₁: Political factors (taxation policies, government regulations, and policy consistency) have no significant influence on the performance of firms in Nigeria's beverage industry.

H₀₂: Economic factors (inflation, exchange rate volatility, and consumer purchasing power) have no significant effect on the performance of beverage industries in Nigeria.

H₀₃: Socio-cultural factors (rising health consciousness and changing consumer preferences) have no significant impact on the performance of beverage industries in Nigeria.

H₀₄: Technological factors (automation, production efficiency, and digital marketing) do not significantly contribute to the performance of beverage industries in Nigeria.

H₀₅: Environmental factors (climate-related disruptions, waste management, and sustainability pressures) do not significantly affect the performance of the beverage industry in Nigeria.

H₀₆: Legal factors (compliance with excise tax, food safety standards, and regulatory obligations) have no significant influence on the performance of beverage industries in Nigeria.

1.6 Significance of the Study

This study is significant both academically and practically. From an academic perspective, it seeks to address a notable gap in the literature by empirically linking environmental theory to beverage companies within the Nigerian context. By examining how dimensions of the external business environment (economic, political, legal, technological, and socio-cultural), affect beverage companies, the research contributes to theoretical development in both strategic management and organizational studies (Echo, 2023; Sunday et al., 2022).

Practically, the study holds substantial value for stakeholders in Nigeria's drink manufacturing sector. For policymakers and regulators, the findings can inform strategic interventions aimed at stabilizing the financial environment.

1.7 Scope of the Study

This study focuses on examining the impact of the external business environment on firm performance, with particular emphasis on the Nigerian beverage industry. The study adopts the PESTEL framework, covering political, economic, socio-cultural, technological, environmental, and legal factors, as the independent variable, while firm performance serves as the dependent variable.

The population of the study will comprise staff and employees of selected beverage manufacturing industries, with a particular focus on Seven-Up and Coca-Cola Beverage Companies as a representative case study.

In terms of geographical scope, the research will be carried out in Benin City, Edo State, Nigeria.

The temporal scope covers a period of six months, within which data will be collected and analyzed.

The content scope is limited to the influence of external environmental factors (captured through PESTEL) on performance indicators such as profitability, market share, operational efficiency, and adaptability of the firm. Internal organizational factors are beyond the scope of this study.

1.8 Limitations of the Study

Probable limitations to the study may include possible inaccurate test statistics or smallness of sample size. More so, difficulty in gathering needed data as a result of the unwillingness on the part of the respondents to participate in the survey. Another challenge is the biased nature of the data given, which may not necessarily depict the true state of the business.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of relevant literature on the Nigerian beverage industry, the external business environment and its components, measures of organizational performance, and the interaction between external business forces and firm performance. It also reviews empirical studies and discusses the theoretical frameworks that underpin this study. The Nigerian beverage industry has evolved into a dynamic and highly competitive sector, with players ranging from multinational corporations such as Coca-Cola and PepsiCo to indigenous brands like Bigi Cola, La Casera, and Chi Limited. Understanding the concepts that define the beverage industry, as well as the forces shaping its operations, is essential for situating this study within broader scholarly and industry debates.

2.2 The Concept of the Beverage Industry in Nigeria

The beverage industry, often classified within the non-alcoholic beverage sector, include organizations that are involved in the production, marketing, and distribution of carbonated drinks, fruit juices, energy drinks, bottled water, and flavored beverages. Globally, the industry has witnessed significant expansion, with Africa, and particularly Nigeria, emerging as one of the fastest-growing markets due to rapid

urbanization, population growth, and changing consumption patterns (Euromonitor International, 2021).

In Nigeria, the consumption of beverages is widespread and culturally embedded, often associated with social gatherings, hospitality, and daily refreshment needs. According to Okojie (2021), the Nigerian beverage sector has been dominated historically by multinational corporations such as Coca-Cola and Pepsi, which established bottling plants in Nigeria as early as the 1950s. However, the industry has become more competitive in recent decades, with the emergence of local brands like Bigi Cola, Fearless Energy Drink, and Chivita, which have gained market share through affordability, product variety, and aggressive marketing strategies.

Definitions of the beverage industry vary across contexts. The Food and Agriculture Organization (FAO, 2020) defines beverages as non-alcoholic, water-based flavored beverages that may be carbonated or non-carbonated. In the Nigerian context, beverages generally include carbonated beverages such as Coca-Cola, Pepsi, and Bigi Cola, as well as fruit juices like Chivita, Five Alive, and La Casera. The industry also extends to bottled water and energy drinks, both of which have experienced exponential growth (Nwosu, 2020).

The Nigerian beverage industry is a vital contributor to the national economy. It generates significant employment opportunities across its value chain, from raw material suppliers to distributors and retailers (Akinbola & Ogunnaike, 2025). It also

contributes to government revenue through taxation and value-added services. However, the industry is also influenced by external business environment factors such as government regulations on sugar content, taxation policies, consumer health awareness, competition, and global economic trends (Adedayo, 2020).

The beverage industry in Nigeria represents a dynamic and highly competitive market segment, defined by both multinational dominance and increasing indigenous participation. This study adopts the FAO (2019) definition of beverages as non-alcoholic, flavored beverages, carbonated or non-carbonated, intended for mass consumption.

2.3 The Concept of Performance

Bryman (2022) described performance as the result of a person's effort, which is achieved by the presence of labour, ability, and assignment perception, effort because of motivation, satisfaction, and organizational commitment, which shows the amount of energy used by an individual in initiating a task. Iskandar, Ahmad and Martua (2024) also viewed performance as one of the elements that is assessable through the level of their productivity. This includes the quality, quantity, knowledge or creativity of individual towards the accomplished works that are in accordance with the responsibility during a specified period. In other words, the assessment systems must have some standard strictures that can also be seen from output, product quality,

productivity, cost management, safety and health, employees' relationship and development (Armstrong 2024).

However, Obiwuru, Okwu, Akpa and Nwankwere (2021) 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 of the employees, etc. (Luper & Kwanum, 2022) viewed that organizational performance can be measured in terms of level of output. Consequently, Wang (2020) viewed performance as product accomplishments, results, and achievements in an organization. Williams and Anderson (2021) define performance as an employee's achievement level in his/her responsibilities and duties assigned in the workplace. Understanding determinants of Firms' performance is viewed as an important area of focus in Enterprises (Rosli, 2021).

Therefore, a good measurement of organizational performance must be able to consider the goal of the owner designed to promote the business, such as Firms in the areas of some specific results as output and profitability (Marr & Schiuma, 2023). In the same view, organizational performance can also be used to view how an enterprise is doing in terms of the level of profit, market share, and product quality. Accordingly, it reflects the output of members of an enterprise measured in terms of revenue, profit, growth, development, and expansion of the organization (Abasilim, 2024).

Performance has been a central concern or issue of researchers and organizations. Thus, several organization studied in the literature have focused on the reason why some firms perform better than the others. However, scholars in this field have proposed several definitions. This means that performance is not without meaning. Although, previous study according to Amos, Sena, and Abeera (2024) pointed out that organization performance cannot be left in anticipation that will develop naturally, despite the employee's natural desire to perform and be rewarded for it. This desire needs to be accommodated, adapted, and nurtured. Meanwhile, researchers have different believes that most agreed that no single measure exists for organizational performance (Amos *et al.*, 2024).

Anastasia (2025) viewed that organizational performance construct can be measured by effectiveness, efficiency, satisfaction and innovation of the product. Apolot (2021) demanded organizational assessments of performance in sales growth, customer satisfaction and profitability were measure in their businesses. Meanwhile, influence on organizations performance can be obtained by giving a consideration and intellectual excitement for individual and charisma which will be able to make changes to better direction, for example by giving training, counselling, sustaining the frequency of interaction in order to achieve a certain goal (Thamrin 2021). Therefore, Apolot (2021) and Anastasia (2021) were used to conceptualize organizational performance in this study based on the owner/manager's perceptions

of the performance of the organization in terms of the extent to which its objectives have been achieved.

2.4 Performance Measures

Performance measures are metrics used in assessing the extent to which businesses attain success in achieving its goals. Performance is defined as an association's capacity to make activity and worthy results (Pfeffer & Salancik, 1978). Different scholars have different view of performance measurement. Henezel (as cited in Shahbaz, Asifah, & Amina, 2014) explained that to measure performance, Firms must establish some standards, and then they must gauge and evaluate their strategies, values, and practices by benchmarking with high performance. Also, Kravchuk and Schack (2021) asserted that performance is measured for evaluating how well a firm is performing, cited in (Shahbaz *et al*, 2024).

One performance measure that is widely used among small businesses, as a subjective indicator of the overall business performance, is the degree of owner/managers' satisfaction with the business performance. Few researchers have consulted owner/managers about their views on the success of their business ventures (Simpson, Nicki & Bellamy, 2024). Luk (2020) identified the success of small businesses as actual performance equal to or exceeding the business owner/managers' expectations.

The diverse range of measures that can be adopted to define success can lead to a false judgment on the actual performance. For example, a small business with declining profits or market share could be failing when in fact its owners/managers are satisfied with the overall business performance. Adequate income, job satisfaction, a happy workforce, and a stable market position are all factors that lead to small business owners/managers' satisfaction. For this study, performance measurement indicators (dependent variables) of measuring Firms performance in an enterprise is measured by increase in sales/sales growth, profitability, innovation, effectiveness and efficiency.

2.4.1 Increase in Sales

According to Brush (2021) increase in sales is used to measure performance of a business. He stated emphatically that annual increase in sales of a business can be used as a yardstick to measure the performance of a business.

2.4.2 Profitability

Profitability is a very significant indicator for measuring the performance of Firms. It is an important factor for an enterprise to survive in a competitive environment. Profitability is a definitive goal for any business association and is the ability to make a profit. Revenue and costs are used to calculate profitability. Income increase capital is the gross profit generated during the accounting period, due to the normal activities carried out by the enterprise. Expenses are outflows incurred through the

normal activities carried out in an organization, resulting in reducing both fixed and current assets or increasing liabilities and reducing capital (Shosha 2024).

2.4.3 Innovation

Thompson (2025) defines innovation as the originator, receipt, and implementation of new ideas, processes, products, or services. The practical evidence for the association between innovation and performance seems to be mixed. Some publications have argued about a positive relationship between innovation and performance, while other empirical studies have contradicted this conclusion (Heimonen 2022). According to Ngugi (2023) entrepreneur with competitive innovation skills has a deep understanding of the Firms, which catapults their performance to a large extent. As indicated by (Dzisi et al., 2023), Firms characterize the root of their advancement level of innovation capacities to internal components, for example, self-inspiration, learning, knowledge, specialized capability, and external elements like client pre-requisites and interest, data provided by suppliers of gear and materials, market opportunities and rivalry.

2.4.4 Effectiveness

According to Walker and Ruekert (2021) effectiveness is defined as the success of business products and services compared with those of a company's competitors in the marketplace. Effectiveness is most closely associated with nonfinancial goals.

2.4.5 Efficiency

It is important for an enterprise owner/manager to know how efficiently the business is moving. Walker and Ruekert (2020) treat efficiency as an index (a set of outputs of business products and services divided by a set of inputs of resources employed in implementing them). It is highly associated with achieving profitability.

2.5 Concept of External Business Environment

The external environment of an enterprise is defined as that which consists of such factors that affect its business from outside. These include economic dynamics, government policy, political atmosphere, social and cultural values, and technology dynamics Alkali and Abu, 2022; Pearce and Robinson, 2021; and Beal, 2020).

However, Ehlers and Lazenby (2021) point out that the external environment represents the variables in the environment that have a direct as well as an indirect influence on the performance of an organization. Barrios (2023) remarks that lenders also consider economic conditions and the general climate, both within the industry and in other industries that could affect the business. There is no doubt that the environment is an important factor in relation to a firm's performance. Even in the behavioural approach, the personality, motivation, and attitudes of the entrepreneur are dependent on the environment (Gartner, 2025). The external environment comprises various factors such as economic, political, technological, legal, and socio-cultural. (Ehlers & Lazenby, 2021).

According to Alkali and Abu (2022), the external environment of a firm is also characterized by the nature of the prevailing economic system as defined by the operational state of the microeconomic and international economic forces like foreign exchange rates, inflationary pressures, ongoing levels of global and domestic economic activity, and levels of taxation and purchasing power. Alkali and Abu (2022) added that economic systems tend to go through periods of faster and slower economic activities, high and low monetary and banking transactions, and varying degrees of volatility in respect of interest and exchange rates. Therefore, economic forces have a key impact on enterprises' performance, either the positive or the negative part.

Many companies are now competing in a global market, not only in the domestic market. A change in technology and increased ability to acquire and process information requires that implementation and competing responses are more timely and effective. Rapid sociological changes that occur in many countries affect employment; in addition to the desired product properties, consumers are increasingly varied. Policies and laws that affect the government outlined the company's choice of where and how it will try and compete. Companies should be alert and aware of the impact of the reality of this environment, so it can be effective actor in the global economy. In organizations that compete strategically, the owner/manager of the company will look for patterns that can help them understand their external environment, and this may be different from what they expected. It is

important for decision makers to understand the competitive position of the company accurately.

Decision-makers in Firms, in the case of the owners/ managers of Firms, should be aware that the knowledge of their corporate environment will help in improving the competitive position of the company, improve operating efficiency, as well as winning the battle in the global economy (Hoskisson & Hitt, 2021). Thomas and David (2022) divide the external environment into two, namely the social environment (Societal environment) and the work environment (Task environment). Social environment include general powers that are not directly related to the short term activity of the organization but can affect the long-term decisions, these include: economic forces that govern the exchange of materials, money, energy, and information; The power of the technology, which resulted in the discovery of problem solving; The Power of Political Law, which allocates power and provide coercion and protection laws and rules; The power of Socio-cultural that set the values, traditions and customs of indigenous environment while work environment, includes the elements or groups that directly and in turn will be influenced by the company. The group consists of government, local communities, suppliers, competitors, customers, creditors, labour, special interest groups, and trade associations.

Hoskisson and Hitt (2021) categorized the external environment into three main components, namely, the general environment, the industrial environment, and the competitive environment. The general environment includes elements within the wider community that can affect an industry and the companies in it. These elements are grouped into seven segments environment consisting of segments of demographic, economic, political/legal, socio-cultural, technology, global, and physical. Industrial environment is a group of factors that include the threat of influx of newcomers, power of suppliers, power of buyers, threat of substitute products, and intensity of competition among competitors that affect a company and move as well as competing responses. Meanwhile, according to Pearce and Robinson (2021) external environment consists of the remote environment, the industrial environment, and the operating environment. While Thomson, Strickland, and Gamble (2020) divide the external environment into two, namely the macro environment (macro environment), including economic conditions, population demographics, technology, social values and lifestyles, the regulations; environmental and industry/competitive (industry and competitive environment), including suppliers, customers, competitors, new entrants, substitute products.

But for small and medium industries (Firms) in the opinion of Ojeda, Julieta and Simpson (2020) the external environment consists of the macro environment and micro environment, which both affect the performance of Firms. Macro environment, in this case include the socio-cultural, political, technology, demographic, and

economic factors while microenvironment are the factors involved directly with the company and affect the company, consisting of suppliers, customers, government institutions, and competitors.

Rufaidah (2023) explains that the external environment consists of macro and micro environment. Macro environment is often referred to as a remote environment, while the microenvironment called environmental task. Macro environment consists of factors that are difficult to control because it is beyond the reach of the company's management. It is often abbreviated with PEST (Political, Economics, Socio-cultural, and Technology). A component of micro environment consists of customers, competitors, suppliers (collaborators), and lenders (creditors). This study defines external business environment as the environment that affect business performance from the outside either positively or negatively, there are also the environment that are beyond the control of the business enterprises. Therefore, the study looks at economic, socio-cultural and technology factor as the external environmental factors which are the independent variables for the study.

2.5.1 Economic Environment

Economic environment, according to Omobolanle (2020), refers to all those factors, such as inflation rate, exchange rate, and unemployment rate, among others, which have a bearing on the performance of small-scale businesses. Omobolanle (2020) further observed that small-scale business depends on the economic environment for

all the needed inputs. Therefore, the economic environment influences the operations of small-scale businesses. In other words, the economic environment consists of those economic factors that directly or indirectly affect the operations of small-scale businesses in Nigeria; it includes inflation rate, exchange rate, interest rate, employment, etc.

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

Inflation rate, according to George (2025), is a sustained increase in the general price level of goods and services in an economy over a period. Consequently, inflation reflects a reduction in the purchasing power of individuals as well as small-scale businesses per unit of money in the economy. More so, Asiedu (2022) observes that the inflation rate is a tool for measuring the stability of the economy. A country with consistently lower inflation presents a suitable economy that favours the activities of small-scale businesses in the country.

Interest rate, according to Umeora (2023), is the proportion of a loan that is charged as interest to the borrower. However, it is expressed as an annual percentage of the loan outstanding. In addition, interest rate is also expressed as a percentage of principal, by a lender to a borrower for the use of assets.

Gross Domestic Product (GDP) refers to the market or money value of all goods and services produced in a country over a period. In other word, it is a general index of economic development (Emefiele, 2022) which asserts GDP growth rate measures the economic activities in Nigeria. Therefore, it measures all the goods and services produced domestically.

Government Tax Revenue is a measure of total tax revenue, which is the income that is gained by the government through taxation. Bhatia (2020) contends that government tax revenue is used to finance government expenditure and help to redistribute wealth, which translates to financing of government development programmes.

Barbosa, Evaldo, Moraes and Cristiana (2024) ascertain that a depressed economic condition is a characteristic associated with the likelihood of a firm's failure to repay its debt. During economic expansions, even marginal firms have ready access to debt capital. However, in recessions or downturns, the established firms that have both a record of past success and relatively good performance obtain a large percentage of new debt. This suggests that Firms may find it difficult to pay back debt in a

depressed economic environment. Baum and Caglayan (2021) note that, as banks need to acquire costly information on borrowers before extending loans to new or existing customers, uncertainty about economic conditions (and the likelihood of loan default) would have clear effects on their lending strategies. Higher uncertainty will hinder managers' ability to accurately predict returns from available lending opportunities. When the macro-economic environment is tranquil, bank managers will be able to predict returns from each potential project more easily and channel funds towards projects with higher expected returns.

However, when the economic environment is in turmoil, bank managers' ability to predict returns accurately will be hindered, resulting in more conservative lending behaviour across all banks. Schwienbacher, Armin, Larralde, and Benjamin (2020) point out that small business finance is highly and disproportionately affected by macroeconomic conditions. Market forecasts, stock market health, overall economy health, and monetary policy all have effects on small business finance. Thus, this study defines economic environment as the totality of economic factors, such as unemployment, income, inflation, interest rates, productivity, gross domestic product (GDP), and exchange rate that influence the activities of small and medium enterprises.

2.5.2 Socio-cultural Environment

Wetherly and Otter (2021) described the socio-cultural environment as a factor consisting of everything that is not contained within the economy or political system. According to Wetherly, socio-cultural setting is made up of a collection of activities, and the relationships people engage in their personal and private lives, which include population features, age, ethnicity, religion, values, attitude, lifestyles, and associates. These environmentally relevant patterns of behaviour lead to the creation of different cultural values in different societies, some of which influence the decision to create new businesses. Therefore, culture, as distinct from political, social, technology or economic contexts, has relevance for economic behaviour and business performance (Shane 2023; Shapero & Sokol, 2022).

Culture is “the software of the mind; a collective mental programming of the people”. It is the combination of material and spiritual wealth designed by man through the process of social and historical growth (Hofstede, 1998). The total pattern of thinking, emotions, and acting that impacts the ordinary and menial things in life, such as greeting, eating, decision in expressing or not expressing one’s emotion, interacting with people, or general body cleanliness (Hofstede, 1991). The means by which one makes meaning in life through interacting with the environment is culture (Cohen, 2023), the way of life of people, the summed total of their behaviours, attitudes, and material things, which controls their actions deeply and persistently, that is beyond their control (Hall, 2021). In similar vein, culture is the individual distinctive way of identifying with the man-made aspect of the

environment, the perception of rules, norms, roles, and values which is affected by different levels of culture which include language, gender, race, religion, place of residence, and occupation which as a way of impacting on interpersonal behaviour (Triandis, 2021).

Socially built reality is when individuals create a social framework for themselves and consequently develop it into an effective reality that shapes and influences their behavioral patterns (Berger & Luckman, 2021). The business environment has a significant degree of influence on the entrepreneurial intention of individuals. This makes the study of entrepreneurship vis-à-vis Business Environment necessary as it would lead to discoveries (Arasti, Pasvishe & Motavaseli 2022). Studying entrepreneurship predictors from the perspective of personality traits alone will not suffice, and as such, it becomes paramount to explore the Socio-cultural business environment dimension (Azim, 2021; Zeffane, 2024).

The social system and culture of people are what mix up to form the Socio-cultural Business Environment, and consequently, the entrepreneurs become moulded by it (Azim, 2020). All the man-made intangibles that directly or indirectly affect the people's behavior and total way of life are referred to as the Socio-cultural business environment (Akpór-Robaro, 2022). The Socio-cultural business environment refers to the set of basic common values that contribute to shaping the behavior of people

in a society (Inglehart, 2020). Business entrepreneurial intention is undoubtedly a response to cues from the Socio-cultural Business Environment.

These factors play an influential role in shaping the minds and consequently breeding entrepreneurs. Entrepreneurs are bred by the business environment and, as such, imbibe and practice what it has bred in them (Azim, 2021). Socio-cultural Business Environment is integral to the industrial and economic well-being of entrepreneurship in general and entrepreneurs in specific terms. This insinuates that new ventures come into existence because of intermingling that takes place between environmental conditions and entrepreneurial tendencies of the people, which is naturally precipitated by the Socio-cultural Business Environment (Shivani, Mukherjee & Sharan, 2020).

People acquire their shared characteristics and patterns of behavior through socialization processes, which involve factors like education, religion, and family background. These dimensions happen to be the most prominent in describing the Socio-cultural business environment (Yeboah 2024). Therefore, this study adopts the definition of Akpor-Robaro (2022) of socio-cultural environment, which says that socio-cultural environment refers to the man-made intangibles that directly or indirectly affect people's behavior and total way of life.

2.5.3 Technology Environment

Technology forces refer to the rate of scientific change and fastest growth of technology that have potential wide-ranging effects on society (Gamble 2024). Small Scale Entrepreneurs find it difficult to gaining access to 2anew technologies which limits innovation and Firms competitiveness (Kayanula & Quartey, 2020).

Technology factors have rendered some Firms not non-competitive and not able to meet the needs of customers. However, entrepreneurs in Small and medium-scale industries need to recognize the need for technology change and the need to go with the flow, to have a competitive advantage. Decisions to improve, change, or implement new technology processes must be made to meet customer wants and needs. Information Technology has been identified as a major player in innovation and competitiveness of Firms, but according to the European Union (EU), the full potential of IT will be harnessed if the labour force is equipped with the right skills and has access to high-tech infrastructure. However, in the case of Nigeria, some Firms lack physical telecommunication infrastructure and high-speed internet to compete globally (Dzisi, John & Ofosu, 2024).

According to McNamara and Watson (2025), technology can be defined as the totality of means, such as knowledge, methods, materials, and tools, used to achieve practical outcomes in order for the enterprise to establish work methods, work patterns, and information structures. It is the tools and the means, but not the primary goal or result to be pursued. Technology has the potential to improve speed, quality,

and efficiency. In the mainstream of modern culture, technology is one of the answers to most problems and/or restrictions in business. It is the way that a business can emerge from the past and enter a brighter or more efficient future. There are many and various technologies that could be addressed in terms of benefiting Firms.

The challenge facing Firms in developing countries, Nigeria included, is how to move from the relatively informal cottage industries to larger enterprises with stronger technology capacities and performance. Little funding has gone into identifying, documenting, follow-up and financial support for technology change and innovation in Firms (Mihyo, 2024). There are serious shortcomings in technology management and there are no systems for promoting good innovations and information exchange among Firms and other stakeholders in the sector. One way of achieving this would be through inter-firm linkages.

Although larger enterprise size may seem desirable, the global trend in industrial structure is towards small-sized enterprises. Firms are interested in solutions to their everyday business problems that will allow them to better succeed in their industry. The use of technology in some form is widespread. The problem for most businesses is that they have not fully integrated the technology that they have or are trying to obtain with their business (McNamara & Watson, 2025). They “tend to be tactical, not strategic, in their technology adaptation” (Harney, 2025). The competitive advantages that certain technologies bring to existence are very important, especially

where there is a high aggressive industry. Small businesses look for new ways that will help them achieve these distinctions. Capitalizing on these technologies would help spur Firms forward. Several technologies have been introduced that will help bring about a cost savings for small businesses.

Another area that technology is useful for is helping small businesses in keeping track of inventory and the general bookkeeping cited earlier as an important factor in success by Ibrahim and Goodwin (2020). Inventory control has long been a defining factor in determining the wellness of a business by being able to know exactly what is coming in and going out in order for the business to plan. Today, businesses can track exactly where their inventory is in real time. That ability helps them to identify key areas that could be improved or changed to limit time between processes or transactions (Berger 2025). These businesses do know that adapting new technologies will further benefit their current business model because most of their businesses are done within a small community and their customers rely fully on them for service and product guarantee. Some small business owners/ managers are reluctant to enter the technology scene because they are uncertain of the security and privacy concerns that are almost certain to occur. For such business owners, the idea of e-commerce in any shape is too risky for their business.

The idea of Internet related business activities or electronic data is not a necessary thing but something to be avoided at all costs. Other issues relate to the lack of IT

professionals, because technology industry seems to be so complicated, there are many companies who do not engage in new technologies due to lack of the expertise on their staff to handle the potential problems that might arise. Available technologies for Firms are Voice over Internet Protocol (VoIP) which is a technology that “allows you to make telephone calls using a computer network, over a data network like the Internet” (Chandler 2025).

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

2.6 External Business Environment and Performance of Firms

The external business environment analysis of the macro environment helps to categories factors affecting the environment; such include tax changes, new laws, trade barriers, demographic change, and government policy changes (Gillepsie, 2020) distinguishes these factors thus coming up with: political, economic, sociocultural, technology, environmental factors and legal factors. Political factors refer to government policy such as the degree of intervention in the economy. They include goods and services the government intends to provide, subsidies to firms, priorities in business support, education of the workforce, health and quality of infrastructure

like roads. Economic factors include interest rates, tax changes, and economic performance among others. These can impact in that higher interest and inflation may trigger higher wage demands from employees raising costs.

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

Environmental factors include weather and climate change. Changes in weather can affect farming, tourism and insurance thus impacting on firm performance. The growing demand for protecting the environment and move towards more environmentally friendly products and processes is affecting demand patterns and creating business opportunities. Legal factors are those that are related to the legal environment where firms operate. Introduction of age discrimination and disability discrimination legislation in the UK, an increase in minimum wage and requirements

for firms to recycle are examples that affect a firm's actions. Legal changes can affect a firm's costs and demand, for example if the law affects likelihood of customers buying the item or using the service. The business environment, labelled contextual factors, by others acts as a determinant of enterprise performance because it influences the opportunities available to Firms (Nichter & Goldmark, 2020).

Evidence suggests that Firms tend to grow more quickly during periods of overall economic performance while they tend to do poorly during economic downturns (Liedhlin, 2022). This suggests that the business environment could be a determinant of firm performance. When inflation is high, Firms could expand slowly because of the reduced purchasing power of both the owners and the potential customers. High interest rates reduce the ability of the Firms and their customers to borrow loans. This reduces the ability of Firms to expand and of the customers to buy. Depreciation of the local currency makes imports, the source of raw materials for most Firms, to be expensive. It has also been found that the notoriously burdensome regulatory and institutional environment in developing countries might stifle business performance (World Bank 2021).

2.7 Review of Empirical Studies

a. Economic Environment and Performance

Mohammed and Abu (2022) examined the influence of external environmental factors on the performance of small business manufacturing enterprises in Bauchi

State, Nigeria. The study used structured questionnaire, to collect data from the sample size of 302 respondents that participated in the study. The study reveals that, capital access and government support were found to be significantly related to performance of enterprises in Bauchi state. The study is in support with the study conducted by Atieno (2021) who view finance as a critical component in Firms performance and development. Also, the study is in support with the study conducted by Nelson (2022) where they carried out a study in Zimbabwe to determine the impact of Government support on Firms development where they found a strong relationship. While marketing variables, entrepreneurial readiness, business plan, and technology usage were found to be insignificant to business performance. The result appears to be in consistent with the study of Hassan (2020) on the performance of selected Firms in Niger, where they was an insignificant result to business performance. However, the study failed to study the entire Firms. This study will fill the gap by studying the entire Firms.

Adeoye and Elegunde (2022) examined impacts of external business environment on organisational performance in the food and beverage industry in Osun state Nigeria. The minor objective of the paper is to investigate the influence of economic and political environment on organisational performance. A questionnaire was developed to collect information from the respondents based on a sample of 3 companies with 150 sample size. Data collected were analysed using multiple regression analysis. The findings of the study reflect that external business environment has an impact on

organisational performance. Hence, the external business environment of Nigerian organisation impinges upon the operations of a business other than the availability of capital and the ability of the manager or businessman himself. The study also revealed that all things being equal, controlling of the external business environment can be done to some extent. This entails and calls for constant monitoring and conducting environmental scanning always. However, the study has some limitations. First, the sample used was rather small. Second, the generalisation of the results was rather limited because the sample covers only the food and beverage industry in Nigeria. However, the study uses a small sample size and findings might be grossly inadequate. This study will fill the gaps by studying a larger sample size and by covering the entire Firms.

Njanja, Ogutu and Pellisier (2022) investigated effects of the external environment on internal management strategies within micro, small and medium enterprises; using Kenya as a case study. The study looks at technology, regulation and policy issue, incentive policies, institutional policies and poor infrastructure as environmental factors and address the effects on management strategies such as marketing strategies, human relations strategies, strategic management and interpersonal factors among others. The objective of the study is to test effects of external environment on the internal management strategies within the MFirms. Results from the study indicated significant correlations between the management strategies and the environmental factors. However, there was no significant effect of

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

Adebisi and Gbegi (2023) examine effect of multiple taxation on the performance of small and medium scale business enterprises. (A study of west African Ceramics Ajeokuta Kogi State). The study involved a survey research design with a population of 91. The study derived their sample size to arrive at 74 and a self-administered questionnaire was used to collect data. The study data was quantitatively analyzed with simple percentages and tested the research hypotheses with ANOVA. The study found that multiple taxation has negative effect on Firms survival and the relationship between Firms size and its ability to pay taxes is significant. The study therefore recommended that government should come up with uniform tax policies that will favour the development of Firms in Nigeria and government should put into consideration the size of Firms when setting tax policies. The sample size was too short and grossly inadequate to have fair findings. This study will fill the gap by studying a larger sample.

Okwu, Bakare and Obiwuru (2013) examined business environment, job creation and employment capacities of small and medium enterprises in Lagos state, Nigeria: a descriptive analysis. This study employed descriptive approach to examine job creation and employment capacities of Firms in relation to the Lagos State business environment. Analysis was based on ten elements of the business environment and two indicators of Firms' relevance. The study used a composite of survey and correlational research designs to gather relevant information from which data for analysis were derived through survey, target population and sample size were determined. The definitional criteria adopted for the study restricted the population to 456 Firms. The World Bank scientific model for sample size determination was used to select 228 Firms through judgmental and convenience sampling techniques. The analysis revealed male-dominated Firms sector, sole proprietorship and services subsector dominant and small-enterprises-dominant sector. The analysis further revealed that inadequate access to external finance, competitive pressures, multiple taxes, other fees and corrupt practices were among the militating factors against the Firms, while socio-cultural elements availability and costs of labour services did not constrain the enterprises. The study further recommended practical policy measures to drive the traditional measures of providing external finance, tax, other incentives and infrastructure. The sample size was too short and grossly inadequate to have fair findings. This study will fill the gap by studying a larger sample.

Agbolade (2024) the study investigated impact of business environment on the survival of small scale businesses in Ogun state Nigeria. the study ascertains the nature of the relationship between business environment and the survival of small and medium scale businesses in Nigeria using the logistic regression technique to analyse primary data obtained through a structured questionnaire administered to eighty small scale businessmen and women operators in Ijebu North Local Government Area, (Ogun State) South-West Nigeria. The obtained result revealed that the model of logistic regression could predict the distribution of 72.15% of the observed values of the dependent variable as factors such as inflationary trend; infrastructural facilities, accessibility and government policy serve as barriers to business growth and survival. The study neglected the social, technology and economic environmental factor in relation to Firms survival. In addition the sample size is too short and grossly inadequate to have a fair finding. This study will fill the gap by studying social, technology and economic environment in relation to Firms as well as studying a larger sample.

Rubina (2024) in his research work moderating effect of external environment on performance of Firms in Pakistan. The study was aimed to investigate the moderating effect of external environment (EE) on the relationships between Total Quality Management (TQM), Entrepreneurial Orientation (EO), Market orientation (MO) and performance (P). The study was greatly motivated by the inconsistent findings and the gaps indicated in the contemporary literature regarding those

relationships. First there were contradictory findings between TQM and Performance, EO and Performance and MO and Performance relationships. Second, the three strategies; TQM, EO and MO were not investigated together within the context of Small and Medium Enterprises (Firms), and third, in the relevant literature, many theories have emphasized the necessity to establish the fit between external environment and intended strategies as the key success factor. The findings revealed that TQM and MO were significant predictors of performance, while EO was found insignificant to the performance. Meanwhile mixed results were found upon investigating the moderating effect of EE on the relationships between TQM, EO, MO and performance. The study failed to report the method used in collecting data from respondents.

Nwekpa and Ewans (2025) assessed implications of economic factors on small scale business performance in Nigeria for the period of 1970 -2013. The study was designed to examine the effect of economic environmental factors on small scale business performance in Nigeria. The study found that high Inflation rate, Exchange rate, Government Tax Revenue, External Finances and interest rate as economic indices have a significant effect on the performance of small scale businesses in Nigeria and therefore concludes that the federal government should come up with stringent policy and regulations that would maintain a fixed exchange rate, interest rate, and low inflation that create enabling environment that could enhance the activities of small scale businesses in Nigeria. However, the study failed to study

technology and socio-cultural environmental factor as other component in relation to small scale business performance. This study will fill the gap by studying technology and socio-cultural environmental factor as environmental component in relation to small scale business performance.

Sofyan and Primiana (2025) examined internal and external environment analysis on the performance of small and medium industries (Firms) in Indonesia. The study employed secondary source of data collection by making use of available literature on internal and external analysis on the performance of small and medium industries (Firms). The study found out that internal and external environment analysis has a meaningful relationship on the performance of small and medium industries (Firms) in Indonesia. The study concluded that theoretical evidence can be used to solve problems that occur on the performance of small and medium industries (Firms) and that performance of small and medium industries (Firms) can be improved through increases in internal and external analysis.

Orogbu, Onyeizugbe and Chukwuma (2020) examine economic environment of small and medium scale enterprises: implications of economic growth in Nigeria. The study explore the implications of economic environment of small and medium scale enterprises on economic development. The study employed a quantitative design with secondary data on Firms performance, government tax revenue, exchange rate, interest rate and inflation rate respectively. Ordinary Least Square

(OLS) was used to form the basis for the estimation. The study found that exchange rate, inflation rate, interest rate and government tax revenue have negative relationship with Firms performance. Thus, the study recommended that the government should come up with economic policy and regulatory framework that will maintain fixed exchange rate, interest rate and low inflation in order to drive the operations of small and medium enterprises. However, the study uses secondary data to measure the performance of Firms and Firms are too small to have secondary record. Therefore, this study will fill the gap by using primary data to measure Firms performance to ask questions on how they perform.

Table 2.1 Summary of Empirical Reviews on Economic Environment and Performance

Author(s) & Year	Research Title	Methodology	Summary & Findings	Gaps
Mohammed & Abu (2022)	Influence of External Environmental Factors on the Performance of Small Business Manufacturing Enterprises in Bauchi State, Nigeria	Structured questionnaire, sample of 302 respondents	Found significant relationship between capital access and government support with performance. Marketing, entrepreneurial readiness, business plan, and technology usage were insignificant.	Did not study entire Firms; only focused on manufacturing in Bauchi.
Adeoye & Elegunde	Impacts of External	Questionnaire, sample size of	External business	Small sample size, limited to

(2022)	Business Environment on Organisational Performance in the Food and Beverage Industry in Osun State, Nigeria	150 from 3 companies, multiple regression analysis	environment affects organizational performance. Monitoring and scanning of the environment can control external factors.	the food and beverage sector.
Njanja, Ogutu & Pellisier (2022)	Effects of External Environment on Internal Management Strategies within MFirms in Kenya	Case study with analysis of external factors (technology, regulation, etc.)	Found significant correlations between environmental factors and management strategies, but no significant effect on performance.	Neglected socio-cultural and economic factors in relation to performance.
Adebisi & Gbegi (2023)	Effect of Multiple Taxation on the Performance of Small and Medium Scale Business Enterprises in West African Ceramics, Ajeokuta Kogi State	Survey research, sample size of 74, ANOVA	Found multiple taxation negatively affects SME survival. Recommended uniform tax policies.	Small sample size, inadequate for broad conclusions.
Okwu, Bakare & Obiwuru (2023)	Business Environment, Job Creation, and Employment Capacities of Firms in Lagos	Descriptive research, sample size of 228 Firms	Identified factors such as inadequate finance, taxes, competition, and corruption affecting Firms.	Small sample size and gross inadequacy of findings.

	State, Nigeria		Socio-cultural factors did not constrain enterprises.	
Agbolade (2024)	Impact of Business Environment on the Survival of Small Scale Businesses in Ogun State, Nigeria	Logistic regression, sample size of 80	Found inflation, infrastructure, and government policy to be barriers to business growth.	Neglected socio-cultural, technological, and economic environmental factors. Small sample size.
Rubina (2024)	Moderating Effect of External Environment on Performance of Firms in Pakistan	Quantitative research, no clear method of data collection	Found that Total Quality Management (TQM) and Market Orientation (MO) significantly predicted performance; Environmental factors had mixed effects.	Did not report data collection method; some inconsistent findings.
Nwekpa & Ewans (2025)	Economic Factors' Implications on Small Scale Business Performance in Nigeria (1970–2013)	Quantitative, secondary data (inflation, exchange rates, etc.)	Found inflation, exchange rates, and government tax revenue affect performance. Recommended economic policy improvements.	Did not consider socio-cultural and technological factors in business performance.
Sofyan & Primiana (2025)	Internal and External Environment Analysis on the Performance of	Secondary data analysis	Found that internal and external environmental analysis	Relied only on secondary data, no primary data collection.

	Firms in Indonesia		positively influences the performance of Firms.	
Orogbu, Onyeizugbe & Chukwuma (2020)	Economic Environment of Firms: Implications on Economic Growth in Nigeria	Quantitative design with secondary data, OLS estimation	Found negative relationships between exchange rates, inflation, interest rates, and Firms performance.	Used secondary data; Firms are too small for secondary records, hence limiting findings.
Mohammed & Abu (2022)	Influence of External Environmental Factors on the Performance of Small Business Manufacturing Enterprises in Bauchi State, Nigeria	Structured questionnaire, sample of 302 respondents	Found significant relationship between capital access and government support with performance. Marketing, entrepreneurial readiness, business plan, and technology usage were insignificant.	Did not study entire Firms; only focused on manufacturing in Bauchi.

Author's construction, 2025

b. Socio – Cultural Environment and Performance

Bayode, and Adebola (2022) examined strategic environmental scanning and organization performance in a competitive business environment. The study justifies the impact of Strategic Environmental Scanning on Organization performance in a competitive business environment by studying Nestle Nigeria Plc and Cadbury

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

Felicia, Olusoji, Oluwakemi and Mofope (2023) investigate effects of socio-cultural realities on the Nigerian small and medium sized enterprises (Firms): Case of Small and Medium Sized Enterprises in Lagos State. The objectives of the paper are in two-folds, namely (i) identify socio-cultural realities in the SME business environment in Nigeria and; (ii) examine factors that lead to the development of Firms. The study concluded that socio-cultural realities were key factor affecting business in the state. The study only looked at socio-cultural as one aspect that affect small and medium enterprises neglecting the other component of the environment.

This study will fill the gap by studying other component of the environment that affect small and medium enterprises performance.

Babalola and Abel (2023) examined business environmental factors: implications on the survival and growth of business organisations in the manufacturing sector of Lagos metropolis. The study focused on the implication of the business environmental factors on the survival and growth of business organisations in the manufacturing sector regarding Lagos metropolis of Nigeria. The study identified some environmental factors that were peculiar to the business organisations in the manufacturing sector vis-a-vis their significant impact through the administered questionnaires to employees of selected business organisations and inhabitants of three senatorial district that constitute Lagos metropolis. Electricity, government policies and fraudulent practices were found as factors critical with severe impact on the survival and growth of business organisations in the manufacturing sector among other factors which was adduced as the underlying rationale behind exodus of manufacturing organisations to the neighbouring countries. The study concluded that these factors signified impending danger that may impede the survival of business organisations and make growth an impossible task if left on. Thus, the study recommended among others that the present arrangement (policy) of centralising electricity which has made the federal government to enjoy monopoly should be jettisoned to make way for devolution and alternative to power generation aside the use of generator which has made operation cost to keep increasing. The study failed

to study the entire business organisation but only look at manufacturing sector. This study will fill the gap by studying the entire business enterprises.

Petro, Annastazia and Mashenene (2024) assess effect of socio-cultural factors on the performance of women small and medium enterprises in Tanzania. The study was conducted in Dodoma urban Chamwino districts in Dodoma region employing cross-sectional and case study research design in which 80 women Firms were surveyed using questionnaire. The study found that women immobility, poor support from society members and ethnicity affects negatively the performance of women Firms. Conversely, family roles, level of education and role models were important factors in nurturing the performance of women Firms. The study generally concludes that SCFs have negative effect on the performance of women Firms. This implies that, women Firms stressed under such SCFs cannot perform outstandingly. The study recommends that the government should formulate policies that encourage women participation in entrepreneurial activities. However, the study only look at the women side without considering the entire Firms and also study a small sample size, which is grossly inadequate to generalize the findings. Thus, this study will fill in the gap by looking at the entire Firms sector and also study a large sample size.

Ozigbo (2024) examineeffects of selected socio-economic variables on the entrepreneurship performance in Nigeria Economy. The study utilized a questionnaire approach to generate the necessary data used in analysing the

relationship. The findings indicate positive relations between entrepreneurship performance and the selected socio-economic variables. The study call into question the policy approaches to entrepreneurship development in Nigeria.

Bojan and Zoran (2024) examined analysis of external environment's moderating role on the entrepreneurial orientation and business performance relationship among Italian small enterprises. The goal of the study was to explore relations between the constructs of entrepreneurial orientation and business performance in small companies, as well as the moderating effects of external environment factors. The study explored the concept of entrepreneurial orientation by measuring corresponding variables: innovativeness, pro-activeness, risk taking, autonomy and competitive aggressiveness. The study empirically confirmed that there is positive relationship between entrepreneurial orientation, financial and non-financial performance of companies. It is thus clear that Firms should nurture corporate culture and management styles aimed at promotion of innovative, proactive and risk taking behaviour. The study also confirmed positive relation between external environment and entrepreneurial orientation. The study found no evidence for moderating performance of external environment on the relationship between entrepreneurial orientation and small business performance. The study failed to report the method they used in collecting data from respondents.

Vincent and Ifeanyi (2025) assessed impact of socio-cultural factors on entrepreneurial development in Nigeria. The study limits itself to the socio-cultural factor which impacts seriously on entrepreneurial development in Nigeria. The study discovered that some cultural values like marriage, age grade and religion have impacted positively on entrepreneurial development, while some cultural values like traditional title taking, impact negatively on entrepreneurial development. The study recommends that to increase the legitimacy of entrepreneurship, there should be a change in traditional values which have been assumed to be opposed to entrepreneurial development. The issue of security of lives and property should no longer be left in the hands of the government alone, the traditional rulers and town union governments should bring out measures that will collaborate with the efforts of the government in tackling the issue of insecurity. However, the study failed to study other environmental factor in relation to entrepreneurial development. This study will fill the gap by studying other environmental factor.

Adeoye (2025) examined impact of external factors on corporate governance system of firms: empirical evidence from Sub-Saharan Africa Anglophone countries (SSAA). The study, explored the impact of external factor on corporate governance system using survey questionnaire based on international corporate governance norms. Data were collected from listed firms in Ghana, Nigeria and South Africa. The conclusion are as follows: In all the selected countries in the Sub-region (SSAA) political environment affect the corporate governance system; Macro-economic policies seem

to hinder good corporate governance practices; The accounting system operating in each country plays a vital role in promoting sound corporate governance system; Ownership structure (method for acquisition of stock) of firms' delays promotion of sound corporate governance in Ghanaian and Nigerian firms; Societal and cultural factors seem to deter corporate governance system in Ghanaian firms. Corruption may likely affect corporate governance practice in South African firms. The study recommends that there is need for proper implementation of macro-economic policies in the sub-region. The political elite should not interfere with regulatory and supervisory agencies. The Ghanaian Code of corporate governance need to take into consideration the socio-cultural environment in formulating corporate governance policies, and the acquisitions for stock of firms in Nigeria need to follow proper due process. The study failed to report the method used in collecting data from respondents.

Anthony and Harry (2025) examined government policy and performance of small and medium business management in Nigeria. The study investigated the relationship between government policy and SME firm performance. The study confirmed that government policy had a major impact on the competitiveness of Firms. The study surveyed that the performance of SME varies with the choice of the government policy, spatial relations and guidelines of government, schemes, incentives and support arrangements for the individual sector. Neglecting technology,

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

Gloria (2025) accessed impact of business environment on organization performance in Nigeria but emphasis was made on banking industry. The study uses economic dimension, technological dimension, ethnical dimension, political and government policy as a measure of external business environment. The study uses non-parametric technique to utilize chi-square statistic. Findings of the study shows that wrong choice of business, lack of export, lack of business connections, management incompetence, lack of adequate attention, marketing problem, unethical and location problem are the problems leading to organizational performance. The study therefore concluded that, environmental factors should be well tacked in other to improve organizational performance. The study failed to report the method used in collecting data from respondents. Therefore, this study will fill the gap.

Table 2.2 Summary of Empirical Reviews on Socio–Cultural Environment and Performance

Author(s) & Year	Research Title	Methodology	Summary & Findings	Gaps
Bayode & Adebola (2022)	Strategic Environmental Scanning and Organizational Performance in a Competitive Business	Structured questionnaire, data analyzed using regression and coefficient of correlation	Found that strategic environmental scanning helps organizations identify opportunities and	Did not study Firms; focused on large corporations (Nestle & Cadbury).

	Environment		threats, positively affecting profitability.	
Felicia, Olusoji, Oluwakemi & Mofope (2023)	Effects of Socio-Cultural Realities on Nigerian Firms	Survey, case study of Firms in Lagos State	Found socio-cultural factors significantly impact SME development in Nigeria.	Only focused on socio-cultural factors, neglecting other environmental components.
Babalola & Abel (2023)	Business Environmental Factors: Implications on Survival and Growth of Manufacturing Organizations in Lagos Metropolis	Administered questionnaires, data analyzed for business environmental factors	Identified critical factors like electricity, government policies, and fraudulent practices impacting manufacturing sector growth.	Focused only on the manufacturing sector in Lagos; does not consider other industries.
Petro, Annastazia & Mashenene (2024)	Effects of Socio-Cultural Factors on Women Firms in Tanzania	Cross-sectional, case study, 80 women Firms surveyed	Found that factors like immobility, poor societal support, and ethnicity negatively impact performance, while family roles and education foster growth.	Focused only on women-owned Firms, neglecting the entire SME sector. Small sample size.
Ozigbo (2024)	Effects of Socio-Economic Variables on Entrepreneurship Performance in Nigeria	Questionnaire-based data collection	Found a positive relationship between entrepreneurship performance and socio-economic variables.	Did not explore other external environmental factors or industry-specific impacts.

Bojan & Zoran (2024)	External Environment's Moderating Role on Entrepreneurial Orientation and Business Performance Among Italian Firms	Survey of entrepreneurial orientation variables (innovative, pro-active, etc.)	Found positive relationships between entrepreneurial orientation and performance. No evidence of external environment moderating the relationship.	Did not report data collection methods.
Vincent & Ifeanyi (2015)	Impact of Socio-Cultural Factors on Entrepreneurial Development in Nigeria	Survey-based study	Found some cultural values (marriage, religion) positively impacted entrepreneurship, while others (traditional titles) hindered development.	Did not study other environmental factors affecting entrepreneurial development.
Adeoye (2025)	Impact of External Factors on Corporate Governance Systems: Evidence from Sub-Saharan Africa	Survey, data collected from listed firms in Ghana, Nigeria, South Africa	Found political, macro-economic, and socio-cultural factors affect corporate governance, with some regional variations.	Did not report data collection methods; focused on corporate governance rather than Firms.
Anthony & Harry (2025)	Government Policy and Performance of Small and Medium Business Management in Nigeria	Survey-based study	Found that government policy significantly impacts SME performance, with variations based on policy type.	Did not consider the socio-cultural, economic, or technological environment.

Gloria (2025)	Impact of Business Environment on Organizational Performance in Nigeria (Banking Industry Focus)	Non-parametric chi-square analysis	Found several business environment factors (like location problems and unethical practices) affect organizational performance.	Focused solely on the banking industry, neglected other sectors. Did not report data collection methods.
---------------	--	------------------------------------	--	--

Author's construction, 2025

c. Technology Environment and Performance

Aazir and Rehman (2022) investigated impact of external environment on the performance of fast food industry. The Purpose of the study is to analyse the impact of Political, Economic, Social and Technology macro environmental forces on Pizza fast food industry in Rawalpindi / Islamabad in Pakistan and suggestions for improvement in their performance. The study work was based on co-relational (survey) research design and instrument used for the study was interview. The study found that the four factors Political, Economic, Social, and Technology are the key factors that can determine the performance of the fast food industry. Result showed that the Political factor is somewhat insignificant but all other factors are the key factors which show the significant results. Hence, the study recommended that managers must keep these factors in mind in other to perform better. The study neglected to study the entire Firms in relation to performance. This study will fill this gap by studying the entire Firms in relation to performance.

Mai and Phuong (2023) examined impact of external environment, technology and innovation capacities, and leadership development on organizational performance in food industry a qualitative study of food enterprises in Ho Chi Minh City, Vietnam. The study investigates the current issues for conducting technology transfer and innovation processes at food processing enterprises in Ho Chi Minh City, Vietnam. The study conducts an extensive qualitative study which comprised of 8 in-depth

interviews with Executive managers and Research & Development managers; the study identifies seven main themes that emerged from the data concerning the specific contents for food processing enterprises. The correspondents of the study described how the relative issues of externals; capacities, leadership in their organizations contribute to technology transfer and innovation effectiveness, and in turn lead to sustainable performance. In addition, respondents of the study also noted challenges associated with implementing technology transfer projects. Based on prior studies and these challenges, the study proposes a conceptual model of innovation process and technology transfer in food processing enterprises as influenced three main factors - external environment, technology transfer and innovation capacities, and leadership. Changes in any of these three factors can potentially influence both technology transfer and innovation effectiveness and overall organizational performance. Neglecting the entire Firms in this study is a major shortcoming of the study.

Sadegh, Alireza and Behzad (2023) assessed the impact of environmental factors on Total Quality Management and firm performance: evidence from industrial enterprises in Iran. The study focused on the relationship between utilization of a range of elements of Total Quality Management (TQM) and performance. The study points out the likely impact of organizational environments on the different aspects of TQM and organizational performance. The model employed in the study is evaluated using structural equation from a qualitative study of top and middle

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

Olawale (2024) assessed external environmental factors impacting on access to debt finance by small and medium enterprises in South Africa. The objective of the study was to examine the external environmental factors that can impact on access to debt finance by Firms in South Africa. The study focused on four external factors. These were the economic environment, the legal system, crime and corruption. The study finds that economic conditions affect small business finance. In addition, an inefficient legal environment which can be shown by the long procedures, duration and cost it takes to register property enforce contracts and close business upon bankruptcy may affect the availability of debt finance to Firms. Crime also affects the capacity of new Firms to repay credit granted. Corruption by banks official have a negatively impact on bank lending through the increase in the amount demanded by officials for allocating credit. The study recommended that government has a

large role to play in improving the external environment. Government needs to take crime reduction more seriously through better policing, education and poverty reduction measures. The study also recommended that legal system must be made more efficient. The speed of court judgment must be enhanced. Public awareness campaigns are necessary to change the mind-set of the public that unethical behaviours and corruption are bad and counterproductive and strong fiscal and monetary policies must be sustained. Neglecting technology and socio-cultural environment in this study is a major shortcoming of the study.

Okeyo (2024) assessed the influence of business environmental dynamism, complexity and munificence on performance of small and medium enterprises in Kenya. The main purpose of the study is to examine how business environment affects small and medium enterprises. Literature however argues that effectiveness of the contributions is conditioned by the state of business environmental factors such as politics, economy, socio-cultural, technology, ecology and laws/regulations. Furthermore, studies focusing on these factors in the Kenyan context, particularly regarding their effect on performance of small and medium firms, are scarce. The study bridges this gap based on a study focusing on 800 manufacturing organizations in Nairobi – Kenya. A sample of 150 enterprises was selected through stratification by business sector followed by simple random sampling. The research design was cross sectional survey where data was collected using a structured questionnaire over a period of one month at the end of which 95 organizations responded giving a

response rate of 64%. The study found out that business environment had an overall impact on organizational performance. Specifically, dynamism, complexity and munificence each had a direct influence on the enterprises in the study. Furthermore, the combined effect on performance was found to be greater than that of dynamism and complexity but less than munificence. The study also found out that there is a difference in the way business environment affects performance such that it impacts positively on financial performance more than on non-financial performance of the enterprises. The results imply that small and medium enterprises in the study are likely to perform better in business environments that are dynamic, complex and munificent. However, the sample size was inadequate.

Nnamani and Helen (2024) assessed environmental factors and organizational performance in Nigeria (a study of Juhel Company). The purpose study was to examine the effect of environmental factors and organizational performance in Nigeria. A study of Juhel Company Ltd. The objective of the study was to find out the relationship between the employees and their work environment, to assess the extent of employee performance on productivity and to find out the extent environmental factor has enhanced to performance. The study use survey method and the research tool was questionnaire. The study had a population size of 1,152, out of which a sample size of 297 was selected. The study reveals that there was unsafe and unhealthy work place environment, poor motivation, lack of innovation, high cultural interference and allows organizational interpretation process. The study

recommended that organization should use SWOT analysis to analyse the environment to enable them fit in and keep going. The respondents of the study should have been higher.

Olatunji (2025) investigated impact of information communication technology on small and medium scale enterprise productivity in Nigeria. The study explores the effects of (ICT) Information Communication Technology on (SME) Small and medium scale enterprise productivity in Nigeria. A survey research approach of the data collection was adapted to 80 respondents. Hence, the study overviewed that Stakeholders in the Small and Medium Scale Enterprise industry agree that the introduction of Information Communication Technology in its operations changes its processes and productivity which in turn boost profitability. The study found out that, the use of Information Communication Technology by Small and Medium Scale Enterprise opens new opportunities, reduces inventories as well as makes their services more tradable. The study recommended that emphasis should be on modern technology, practical technological and entrepreneurial studies aimed at producing entrepreneurs. The study neglected the other component of external environment and only look at technology which is one aspect of the external business environment. This study will fill the gap by studying other component of external business environment in relation to Firms performance.

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

Milly (2025) assessed external environment on the performance of microfinance institutions evidence from Uganda. The purpose of the study was to analyze how managing the impact of the external environment affects the performance of microfinance institutions. Data for the study was collected using a cross-sectional survey involving administration of questionnaires to a random sample of 64 managers, 177 employees and clients 213 selected from microfinance institutions

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

Dogara (2025) assessed impact of the Nigerian business environment on company performance: a case of 20 most capitalized companies in Nigeria. The study shows the empirical standing of theoretical convergence with respect to the 20 most capitalized companies in Nigeria. Using the Ordinary Least Square and simple multiple correlation methods, the study show the impact of the Nigerian business environment on the performance of these companies. Collectively, the variables of the environment have significant and positive impact on the companies' performance. Government expenditure and inflation have positive impact while exchange rate and

interest rate have negative impact but overall, there was a positive and significant impact. The study recommended that Government should pay more attention to capital expenditure on vital sectors like infrastructures and education while maintaining fiscal stability. The private sector should partner with Government in infrastructural investment instead of each company providing its own infrastructures. The study failed to study small and medium enterprises which have the major contribution to Nigeria economy. This study will fill the gap by studying the small and medium enterprises.

Rachmad and Sabarudin (2025) examined effects of environmental factors on corporate strategy and performance of manufacturing industries in Indonesia. The purpose of the study was to examine and obtain empirical evidence of the effects of external and internal environmental factors on the strategy and performance of manufacturing companies. The study used primary data obtained by distributing questionnaires to 150 respondents of manufacturing companies in Indonesia spreading over six major cities in Java such as Jakarta, Banten, Bandung, Yogyakarta, Semarang and Surabaya. The study uses the systematic random sampling technique. Results showed that internal and external environmental factors affect the performance of manufacturing industry. The study also found that manufacturing industries were faced with the pressures from competition, customers and suppliers that affect company's revenue. The study only focuses on manufacturing industry not

the entire Firms. In addition, their sample size was too short to have a fair finding. This study will fill the gap by studying a larger sample and look at the entire Firms.

Akrofi (2020) examined impact of external business environment factors on performance of small & medium sized enterprises in the pharmaceutical industry in Kumasi Metropolis. The aim of the research is to examine the impact of macro-environment factors, industry forces and competitors and market business environment forces on performance of Firms in pharmaceutical industry in Kumasi Metropolis. The study conducted a survey of 240 respondents out of which 220 responses were received representing 91.67% response rate. The results of the research proved that there is a positive relationship between macro-environment factors (specifically political, economic, technological and legal factors). Also, the results showed a positive relationship between industry forces (threat of entry, power of buyers, power of suppliers, threat of substitutes and competitive rivalry) on performance. In addition, the research results show that there is a moderate relationship between competitive and market environment factors (strategic group, market segment & strategic customers) on dependent variable (performance). The study recommended that the environmental factors should be look at closely as they show a positive impact on the performance of the organization. However, the study failed to study the entire Firms and only look at the pharmaceutical industry. In addition, their sample size was too short and grossly inadequate to have a fair finding. This study will fill this gap by studying the entire Firms and studying a larger sample.

Audrey (2021) examined impact of innovation on performance of small and medium enterprises (Firms) in Tanzania: a review of empirical evidence. The study uses a desktop methodology to investigate the world wide existing empirical studies, and results shows the relationship between Innovation on Small and Medium Enterprises (Firms) performance. The results from review literature further revealed that no consistent results on whether the innovations altogether influence firms' performance. The conclusion of the study is therefore not generally viable. The nature of the empirical results reported in the research work indicates a need for such studies especially in Africa where the research fissure is widely observed in this area. The study is thus a wakeup call for empirical studies that assess the impact of innovation on Firms performance in Africa and Tanzania where the studies of this nature are rarely found in the review of literature conducted in the research work. Neglecting the external business environment is a major shortcoming of the study.

Table 2.3 Summary of Empirical Reviews on Technological Environment and Performance

Author(s) & Year	Research Title	Methodology	Summary & Findings	Gaps
Aazir & Rehman (2022)	Impact of External Environment on Performance of Fast Food Industry	Correlational (survey) research design, interviews.	Political, Economic, Social, and Technology factors significantly impact fast food industry performance, with Political being less significant. Study	Only studied the fast food sector, neglecting other Firms in relation to performance.

			recommends considering these factors for improved performance.	
Mai & Phuong (2023)	Impact of External Environment, Technology & Innovation on Organizational Performance	Qualitative study, 8 in-depth interviews with executive and R&D managers.	Identified external environment, technology transfer, innovation, and leadership as key drivers of performance in the food industry. Challenges to technology transfer were noted, leading to a proposed conceptual model.	Focused on the food industry, neglecting other Firms; lacked quantitative analysis.
Sadegh, Alireza & Behzad (2023)	Impact of Environmental Factors on TQM and Firm Performance	Structural equation modeling, questionnaire administered to managers in 135 industrial enterprises.	Environmental factors impact TQM principles, which in turn affect organizational performance. The study found a significant relationship between environmental factors and TQM.	Small sample size and regional focus in Iran; could benefit from a larger sample for broader generalization.
Olawale (2024)	External Environmental Factors Impacting Access to Debt Finance by Firms in South Africa	Survey, questionnaire to Firms.	Economic, legal, crime, and corruption factors negatively affect Firms' access to debt finance. Recommendations included improvements in legal systems and crime reduction.	Focused on financial access, neglecting other environmental factors like technology and socio-culture.
Okeyo (2024)	Influence of	Cross-sectional	Found that	Sample size too

	Business Environmental Factors on SME Performance in Kenya	survey, stratified random sampling, 150 enterprises.	dynamism, complexity, and munificence positively influenced SME performance, with a larger effect on financial performance.	small and inadequate for comprehensive results; lacked focus on certain environmental factors.
Nnamani & Helen (2024)	Environmental Factors and Organizational Performance in Nigeria: A Study of Juhel Company	Survey, questionnaire to employees.	Found that unsafe work environments, lack of innovation, poor motivation, and cultural interference negatively impacted organizational performance.	Small, single-company focus; generalizability of findings limited.
Olatunji (2025)	Impact of ICT on SME Productivity in Nigeria	Survey, 80 respondents.	Found that ICT improved SME productivity by increasing profitability, reducing inventories, and enhancing tradeability of services.	Only focused on ICT and ignored other environmental factors.
Abdullahi et al. (2025)	Environmental Variables on IT Adoption in Nigerian Construction Firms	Structural equation modeling.	Identified competitive pressure, government support, and market uncertainty as key factors influencing IT adoption in construction firms.	Lacked transparency in the data collection process; focus on only one sector (construction).
Milly (2025)	External Environment on Performance of Microfinance	Cross-sectional survey, 64 managers, 177 employees, 213	Family relations, ownership, and internal decision-making impacted	Focused on microfinance institutions, neglecting

	Institutions in Uganda	clients.	microfinance performance. The study suggested separating ownership and management for better performance.	broader Firms sector.
Dogara (2025)	Impact of the Nigerian Business Environment on Company Performance: Case of Top 20 Nigerian Firms	OLS & multiple correlation methods.	Government expenditure and inflation positively impacted performance, while exchange and interest rates had negative effects.	Did not study Firms, which are more critical to Nigeria's economy.
Rachmad & Sabarudin (2025)	Effects of Environmental Factors on Corporate Strategy and Performance in Manufacturing Industries in Indonesia	Survey, 150 respondents across six cities.	Found that both internal and external factors (e.g., competition, customer pressure) impacted strategy and performance.	Focused only on manufacturing sector; sample size was too small.
Akrofi (2020)	Impact of External Business Environment on SME Performance in the Pharmaceutical Industry	Survey, 240 respondents.	Identified positive relationships between political, economic, technological, and legal factors on performance, with moderate effects from competitive and market factors.	Focused only on pharmaceutical Firms; sample size too small for generalization.
Audrey (2020)	Impact of Innovation on Performance of Firms in Tanzania: A Review of Empirical	Desktop methodology (review of existing studies).	Found inconsistent results on innovation's impact on SME performance. The study called for	Neglected the external business environment and relied solely on innovation.

	Evidence		more research on innovation in African Firms.	
--	----------	--	---	--

Author's construction, 2025

2.8 Gaps

All studies reviewed shows difference findings and conclusion which might have resulted from difference methodology, variables used and period of study. However, studies conducted on the effect of external business environment on performance of Firms in developing country have used different variables. However, few studies have been conducted on economic, socio-cultural and technology environmental factor on performance of Firms in Oyo state. The sample size used for the reviewed studies was statistically inadequate; this was remedied by this study. Methodologically, their study failed to report the validity of the constructs used in their study, i.e., convergent and discriminant validity. Also, the study failed to carry out test of non-response bias and test of common method bias.

2.9 Theoretical Framework

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

2.9.1 Contingency Theory

Contingency theory is a theory developed by Lawrence and Lorsch (1967). Contingency theory postulates that there is no single best way for business enterprises to perform. Situations will create different environmental requirement for owners/managers of an enterprise. The solution to a managerial situation is depending on the environmental factors that influence on the situation. Fiedler

claims that if performance is to be improved, we must cope not only with the environment but also with the situational factors which influence performance. Performance can be improved either by the environment's fit to the situation or the situation's fit to the environment.

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

Economic, socio-cultural and technology environment which are the independent variables consider for the study can be best appropriate depending on the environment and the situation the organization discover itself. Though, there is need for the owner/manager to identify and comprehend the situation before choosing the suitable business environment. The adoption of economic, socio-cultural and technology environment has the capacity to enhance or decrease the performance of the Firms and their result shall define the level of performance of the business. However, if the right environmental factors are adopted, Firms performance will improve, if otherwise performance of the organization will decrease. This study attempted to study the impact of external business environment (economic, socio-cultural, technology) on Firms performance. External business environment stands as

the independent variables of the study while Firms performance as the dependent variable. The model in Figure 1 below explains the relationship between the variables in this study.

2.10 Research Model

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

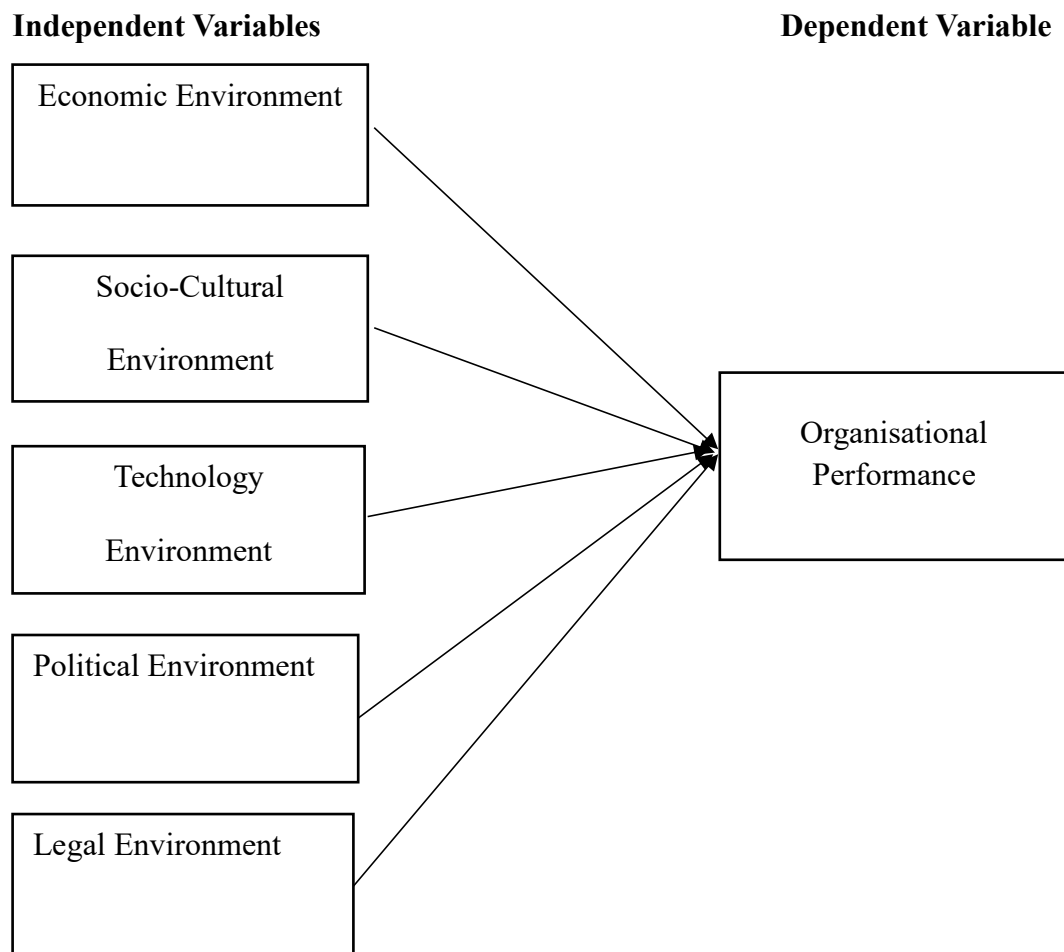


Fig 2.1: Research Model

The model above depicts a relationship between the independent and dependent variables. The model shows how the external business environment (economic, socio-cultural, technological, political and legal) impact organizations' performance. The framework will be tested to show if organizational performance is a function of external business environment.

2.11 Summary of the Chapter

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

CHAPTER THREE

RESEARCH METHODS

3.1 Introduction

This chapter addressed the research techniques and methods used to examine the objectives of this study. This chapter contains the population, the research design, the sampling method, the sample size, the research instrument, the measurement of variables, the data collection methods, and the data analysis plan.

3.2 Research Design

A research design is a structured plan or strategy employed by a researcher in a preconceived investigation in a bid to obtain answers attainable to research questions (Boafo & Kokuma, 2016). In line with Enahoro et al (2013), this study adopted a descriptive cross-sectional survey research design involving the use of a structured questionnaire. A descriptive research design is suitable for the study because it is a type of quantitative and qualitative research method that enables the researcher to gather relevant data on the subject based on respondents' feedback. McCombes (2020) noted that in this type of research design, the researcher cannot control or manipulate the variable, but findings are based on respondents' opinions.

3.2 Population

The study focuses on the business environment and the performance of selected beverage companies. As such, the population of interest comprises staff and employees of beverage companies in Nigeria. More specifically, employees of both 7-Up and Coca-Cola beverage companies will make up the sample population for the study.

Data on the staff number obtained from the human resource department of the respective organizations are as follows:

7-up Bottling Company, Nigeria -	1,900
Coca-Cola Bottling Company, Nigeria -	2,800
Total:	4,700

The entire 4,700 employees of both 7Up and Coca-Cola bottling companies will make up the study population.

3.3 Sample Size and Sampling Technique

The simple random sampling technique will be used for the study. According to Edgar & Manz (2017), a simple random sampling procedure is useful where a population is known and every member has a known and equal chance of being selected. This sampling method is best suited for the study because it allows for representativeness and generalization of findings.

The study adopted the Taro Yamane (1967) formula of sample determination. Given below as:

Where n = the required sample size

N = the population size

E = level of precision (usually 5%, 10%, or 1%)

1 = constant

Using a precision level of 5% with the population size of 4,700 the sample size is calculated as follows:

=368.63

Approximately = 369

From the above calculation, a sample of 369 staff of the selected firms will be used for the study. To ascertain the actual number of questionnaires to be distributed to each of the sampled firms, the sample is computed as follows:

%

Total sample of 7Up staff = 40.43% of 369

Approximately = 149 staff

Total sample of Coca-Cola staff = 59.57% of 369

Approximately = 220 staff

Sum total: 7Up 149 + Coca-Cola 220 = **369** will be used for the study.

3.4 Sources of Data

Data for the study will be obtained from two major sources: primary and secondary data sources. The primary data will be mainly employed for the study; It involves the administration of a structured questionnaire to staff members and employees of the sampled organizations in measuring their opinions on the subject matter. The secondary data will involve the collection of data from relevant scientific journals, research papers, business articles, and reports connected to the research topic.

3.5 Method of Data Collection

The data for the study will be obtained by means of structured questionnaires. Self-completion questionnaires will be given to employees of the selected firms (7Up and Coca-Cola, Benin City, Edo State), through the use of the drop-and-pick method and an online Google form link, which will be shared across various platforms in the respective organizations, soliciting responses from the respondents.

The questionnaire will be self-developed by the researcher and specifically constructed and developed in line with the objectives of this study.

3.6 Research Instrument

The questionnaire titled “The Business Environment and Organizational Performance” will form the research instrument for the study. The questionnaire will be divided into 2 Sections: A and B. Section A will entail three items that were designed to elicit information about the bio-data of the respondents.

“Section B will cover a thirty-five (35) item statement arranged in clusters to the research questions. Each item in Section B will contain statements requiring the respondents to provide Strongly Agree (SA), Agree (A), Undecided (UN), Disagree (D), and Strongly Disagree (SD), and weighted 5, 4, 3, 2, and 1, respectively. The questions in Section B of the questionnaire will be constructed by the researcher in such a way as to represent and address the research objectives.

3.7 Reliability Test

A measure's reliability can be described as its consistency. It indicates the degree to which the outcome can be duplicated when the study is conducted again under the identical circumstances (Fiona, 2021).

To ascertain the reliability of the instrument, the researcher will randomly administer the research instrument (questionnaire) to twenty (20) respondents who are not part of the sample size. This response will be analysed with the aid of SPSS 20. The data

generated from the test will be correlated statistically with Cronbach's Alpha, thereby guaranteeing the internal consistency of the questionnaire.

3.8 Validity Test

Validity refers to how accurately a technique measures what it is supposed to measure (Fiona, 2021). In ensuring the validity of the research instrument, it will be handed to the researcher's project supervisor for scrutiny and necessary correction, which will be acted upon by the researcher.

3.9 Measurement of Variables

The variables that are measured in the study include: Business external environment (as the Independent variable), and Organizational performance (as the dependent variable). The variables will be measured by a series of structured questionnaires, requesting the respondents to indicate their choices or preferences by ticking the administered questionnaire. The responses were measured using a 5-point Likert scale ranging from 5 = Strongly Agree (SA), 4 = Agree (A), 3 = Undecided (UN), 2 = Disagree (D), 1 = Strongly Disagree (SD), and a multiple-choice and open-ended design.

3.9 Operationalization of Variables

Details on how the variables were operationalized are presented in Table 1 below:

Table 1: Operationalization of variables

S/N	Variables	Operationalized As	Measured scale	Appear in the Data Gathering Instrument As	Source
1	Gender	Male Female	1 2	Q1	Self-developed
2	Marital Status	Single Married Separated	1 2 3	Q2	
3	Work Experience	Less than 1 year 1-5 years 6-10 years 11-15 years 16 years and above	1 2 3 4 5	Q3	
4	Work Unit/Section	Administrative/Finance/HR Staff Plant/Operations Manager Production/Machine Operators Quality Control Inspectors Maintenance Technicians/Engineers Warehouse & Logistics Staff Sales & Marketing Representatives	1 2 3 4 5 6 7	Q4	

SECTION B					
	Independent Variable				
5	Political Environment	Measures the influence of government policies, political stability, leadership, and regulations on business operations and decision-making.	5-point Likert scale	Q5-10	Self-developed
6	Economic environment	Measures factors like inflation, interest rates, unemployment, income levels, and overall economic growth that affect how businesses and individuals operate.	5-point Likert scale	Q11 – 15	
7	Socio-economic environment	Measures the social and cultural conditions combined with economic factors, such as education, lifestyle, income distribution, and social values, which influence business and society.	5-point Likert scale	Q16 – 20	
8	Technological environment	Assesses the level of technological advancement, innovation, research, and development that shapes how goods and services are produced, distributed, and consumed.	5-point Likert scale	Q21 – 25	
9	Legal Environment	Measures the laws, rules, and regulations that govern how businesses operate, covering areas like labor rights, consumer protection, contracts, and taxation.	5-point Likert scale	Q26 – 30	
10	Environmental factors	Measures the natural surroundings such as climate, geography, natural resources, and ecological conditions that affect business activities and sustainability.	5-point Likert scale	Q31 – 35	
	Dependent Variable				
11	Organizational Performance	Measures the overall performance of organizations	5-point Likert scale	Q36 – Q40	Self-developed

3.10 Method of Data Analysis

The data generated for this study will be analysed using descriptive mean, frequency count and simple percentage, Linear regression model, and Analysis of variance (ANOVA). The multivariate regression will be employed to test the formulated hypotheses.

The decision rule used in the various tests of hypotheses is:

If the calculated p-value is greater than the critical p-value at 5% level of significance, the null hypothesis is rejected and the alternative hypothesis accepted.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, RESULT, AND INTERPRETATION

4.1 Introduction

This chapter presents an analysis of the data generated for the study. The chapter begins with the analysis and presentation of the bio-data of the respondents; after which, a descriptive analysis, which involved the use of simple percentages, frequency, and mean, was employed in achieving the specified objectives of the study. Thereafter, a multiple regression and bivariate correlation analysis were conducted to test the stated hypothesis.

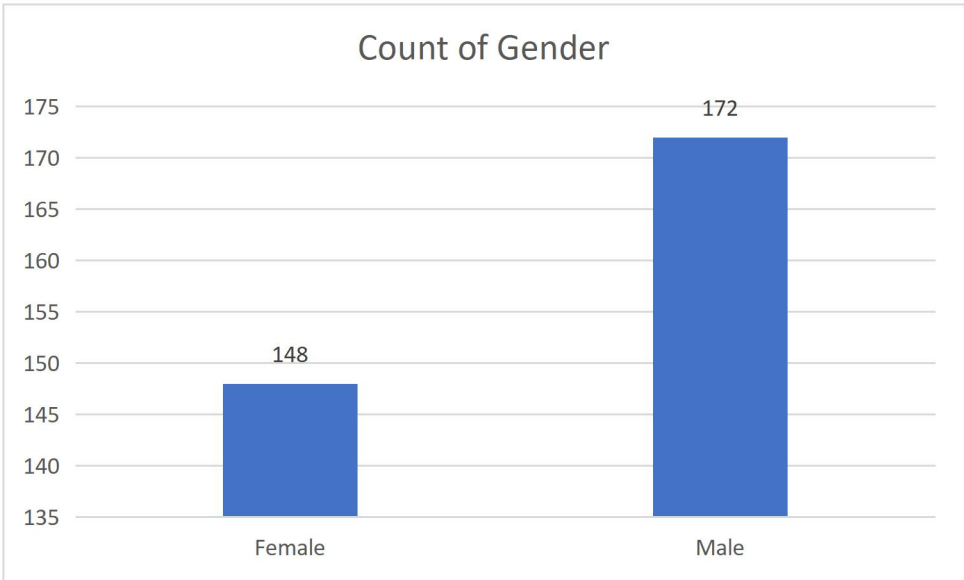
A total of three hundred and sixty-nine copies of questionnaire were distributed by the researcher to employees of selected beverage industries in Benin City, Edo State, namely 7up and Coca-Cola beverage industries, to gather data on the subject of study. Out of the copies distributed, a total of 320 copies (86.72%) were retrieved. Responses obtained from the respondents are analyzed in this section, and the chapter ends with a discussion of the study's findings.

4.2 Demographics of Respondents

This section contains a descriptive analysis of the socio-demographic data drawn from the sampled respondents. The socio-demographic variables include the gender,

marital status, work experience and work unit. The results are presented in charts and interpreted using descriptive statistics.

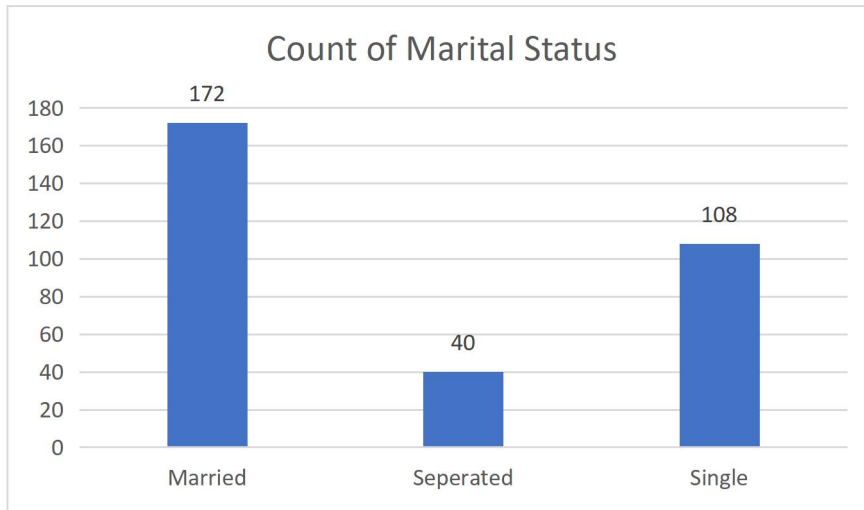
Figure 1: Gender of Respondents



Author's estimation from excel

The gender distribution reveals near-parity between male and female respondents. Specifically, male respondents represented 53.75% (172) of the sample, while 46.25% (148) were female. This relatively balanced representation suggests that both genders are fairly engaged in beverage industries.

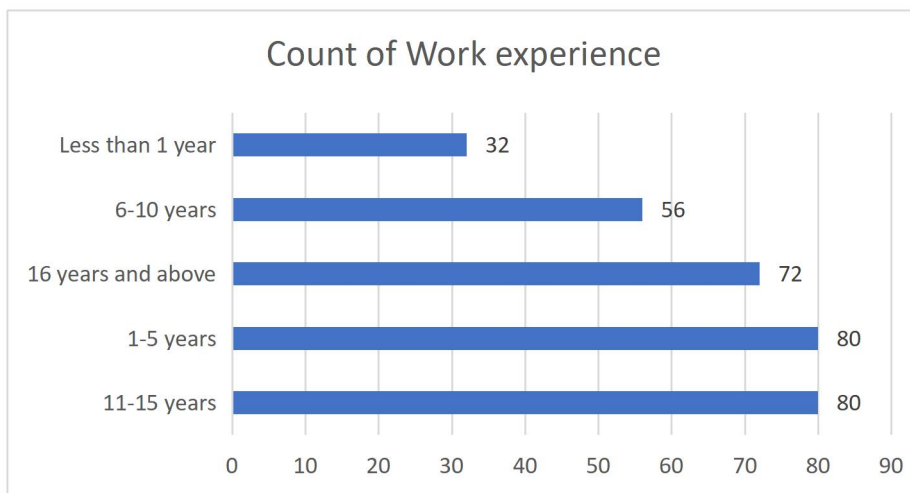
Figure 2: Marital Status



Author's estimation from excel

Marital status data indicate that the majority of the respondents, 53.75% (172), are married, while 12.5% (40) are single. Additionally, 33.75% (108) are divorced or separated.

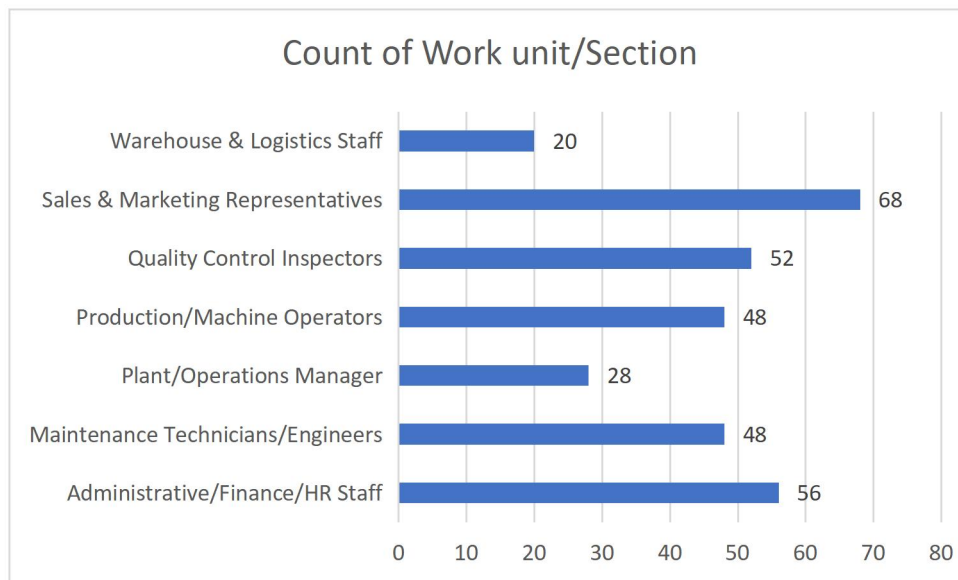
Figure 3: Years of Work Experience



Author's estimation from excel

Work experience shows a wide span, indicating a mixture of new, mid-career, and long-term employees among the selected companies. About 10.0% (32) have less than a year of experience, while 25.0% (80) have served 1-5 years and 11-15 years respectively. 22.5% (72) have 16 years or above of experience, and 17.5% (56) have 6-10 years. This pattern suggests a predominance of mid-career and long-term careers, implying a stable workforce with significant organisational knowledge and professional maturity.

Figure 4: Work Unit/Section



Author's estimation from excel

The distribution across the various work sections/units of the respondents shows that 6.25% (20) of the respondents are warehouse and logistics staff, 21.25% (68) work as sales and marketing representatives, 16.25% (52) are quality control inspector,

15%(48) work as production/machine operators, 8.75% (28), as plant/operations managers, 15% (48), as maintenance technicians/engineers, and 17.5% (56) as administrative/finance/HR staff.

4.3 Descriptive Analysis of Business Environment in Beverage industries

This section presents a descriptive analysis of the business external environment measured along six dimensions: political, economic, socio-demographic, technological, environmental, and legal (PESTEL) factors. Specifically, it aims to ascertain through statistical analysis which environmental factor has the greatest impact or influences the activities of beverage industries the most. The statistical descriptive mean, simple frequency counts, and percentages are utilized in the analysis and interpretation of the data, and results are tabulated for clarity.

Table 4.2: Descriptive Analysis of Business External Factors in Beverage industries

Statement	Mean	Std. Dev	Remark
Political Factors			
Changes in government policies (taxation, operations, employment, and the like) significantly affect the profitability of our company.	3.41	.999	Moderate
Frequent changes in government regulations create uncertainty in our business operations.	3.59	1.080	High
Inconsistent government policies negatively affect our long-term planning.	3.69	1.047	High
Favourable government incentives enhance the performance of our company.	3.90	1.106	High
Bureaucratic processes in government institutions slow down our operations.	3.90	1.011	High
Policy consistency from government agencies supports our strategic performance	3.79	1.048	High
Mean for Political Factors	3.7137	.74551	High
Economic Factors			
Inflation increases the cost of raw materials and reduces company profitability.	3.96	1.013	High
Exchange rate fluctuations affect our company's financial performance.	3.91	.946	High
Consumer purchasing power strongly influences the demand for our products.	3.92	.966	High
Economic recession reduces our company's overall sales performance.	3.83	.922	High
High interest rates limit our company's access to capital for expansion.	3.81	1.126	High
Economic policies from the Central Bank affect our production and sales outcomes	3.81	1.092	High

Mean of Economic Factors	3.8736	.72831	High
Socio-Demographic Factors			
Growing health consciousness among consumers affects the demand for our products.	3.67	1.025	High
Changing consumer tastes and preferences influence our product innovation strategies.	3.83	1.108	High
Religious and cultural beliefs affect the consumption patterns of our products.	3.84	1.080	High
Increasing awareness of lifestyle diseases (e.g., diabetes, obesity) influences consumer choices.	3.70	1.180	High
Demographic changes (age, education, urbanization) shape our company's marketing strategy.	3.87	.947	High
Social values and norms affect brand loyalty and product acceptance.	3.87	1.043	High
Mean of Socio-demographic Factors	3.7973	.78553	High
Technological Factors			
Automation improves our company's production efficiency.	3.55	1.100	High
Adoption of new technology reduces operational costs in our company.	3.75	1.102	High
Digital marketing enhances our ability to reach more customers.	3.90	1.115	High
Technological innovations improve the quality of our products.	3.92	1.106	High
Use of technology speeds up supply chain and distribution processes.	3.92	1.083	High
Investment in modern technology increases our company's competitiveness.	3.92	1.023	High
Mean of Technological Factors	3.8255	.75342	High
Environmental Factors			
Climate-related disruptions affect the sourcing of our raw materials.	3.66	1.124	High

Waste management practices impact our company's reputation.	4.06	.974	Very high
Environmental sustainability pressures influence our production strategies.	3.93	1.060	High
Government environmental regulations increase the cost of doing business.	3.77	1.147	High
Natural disasters (e.g., flooding) disrupt our supply chain and distribution.	4.00	1.008	Very high
Environmental concerns have forced our company to innovate in packaging and production.	3.95	1.013	High
Mean of Environmental Factors	3.8945	.75213	High
Legal Factors			
Compliance with excise tax affects our pricing strategy.	3.91	1.076	High
Food safety standards influence our production and quality control measures.	3.87	1.006	High
Adherence to regulatory obligations increases our operating costs.	3.76	.955	High
Legal disputes and litigations negatively affect our company's image and profitability.	3.72	.981	High
Compliance with labor laws affects our employee relations and performance.	3.88	1.039	High
Regulatory frameworks from NAFDAC and SON shape our operational activities.	3.88	1.110	High
Mean of Legal Factors	3.8375	.72755	High
Political Factors	3.714	.746	High
Economic Factors	3.874	.728	High
Socio-cultural Factors	3.797	.786	High
Technological Factors	3.826	.753	High
Environmental Factors	3.895	.752	High

Legal Factors	3.838	.728	High
Grand mean	3.824	0.749	High

Author's estimation from SPSS

Political Factors

The analysis of political factors produced an overall mean score of 3.71 (SD = 0.75), indicating that political influences are generally high in affecting beverage industries. Respondents agreed that government policies and regulations play a significant role in shaping their operations. Specifically, a high proportion agreed that inconsistent government policies negatively affect long-term planning (M = 3.69, SD = 1.047) and that bureaucratic processes slow down operations (M = 3.90, SD = 1.011). Similarly, favorable government incentives were seen as enhancing performance (M = 3.90, SD = 1.106), while frequent regulatory changes create uncertainty (M = 3.59, SD = 1.080). This suggests that beverage industries are highly sensitive to shifts in political and regulatory conditions, which can either facilitate or constrain business efficiency.

Economic Factors

Economic factors recorded the second-highest mean score of 3.87 (SD = 0.73), suggesting that economic conditions exert a strong and consistent influence on beverage industries. Respondents agreed that inflation significantly raises production costs and reduces profitability (M = 3.96, SD = 1.013), while exchange rate

fluctuations ($M = 3.91$, $SD = 0.946$) and consumer purchasing power ($M = 3.92$, $SD = 0.966$) strongly affect financial performance and demand. Similarly, economic recessions and high interest rates were seen as limiting sales and expansion ($M = 3.83$, $M = 3.81$, respectively). These findings highlight that beverage industries are highly exposed to macroeconomic fluctuations, particularly inflation, foreign exchange volatility, and changes in consumer spending patterns.

Socio-Demographic Factors

Socio-demographic factors also had a high mean value of 3.80 ($SD = 0.79$), indicating their significant influence on beverage company operations. Respondents agreed that changing consumer tastes ($M = 3.83$, $SD = 1.108$), religious and cultural beliefs ($M = 3.84$, $SD = 1.080$), and demographic shifts such as urbanization and education ($M = 3.87$, $SD = 0.947$) shape marketing and product strategies. Similarly, rising health consciousness ($M = 3.67$, $SD = 1.025$) and awareness of lifestyle diseases ($M = 3.70$, $SD = 1.180$) have affected product demand, pushing companies toward healthier product formulations. This suggests that beverage industries are responding to evolving social trends and consumer values to maintain market relevance.

Technological Factors

The technological environment yielded a mean score of 3.83 ($SD = 0.75$), signifying a high impact on beverage company operations. Respondents strongly agreed that

automation and new technologies enhance production efficiency ($M = 3.55$, $SD = 1.100$) and competitiveness ($M = 3.92$, $SD = 1.023$). Similarly, technological innovations were reported to improve product quality ($M = 3.92$, $SD = 1.106$) and supply chain processes ($M = 3.92$, $SD = 1.083$). Digital marketing was also recognized as a key driver in reaching customers ($M = 3.90$, $SD = 1.115$). These responses indicate that technology adoption has become integral to beverage industries' productivity, innovation, and customer engagement strategies.

Environmental Factors

Environmental factors recorded the highest mean score of 3.89 ($SD = 0.75$), showing that environmental issues have the most pronounced effect on beverage company operations. Respondents agreed that climate-related disruptions affect raw material sourcing ($M = 3.66$, $SD = 1.124$), while waste management practices have a strong influence on corporate reputation ($M = 4.06$, $SD = 0.974$). Similarly, natural disasters ($M = 4.00$, $SD = 1.008$) and sustainability pressures ($M = 3.93$, $SD = 1.060$) were identified as key concerns shaping operational and packaging decisions. This implies that beverage industries are increasingly aware of environmental sustainability requirements and the risks associated with climate and ecological changes.

Legal Factors

The legal environment also exerted a strong influence, with a mean score of 3.84 ($SD = 0.73$). Respondents agreed that compliance with excise tax ($M = 3.91$, $SD =$

1.076), food safety standards ($M = 3.87$, $SD = 1.006$), and labor laws ($M = 3.88$, $SD = 1.039$) significantly affects company operations and costs. Legal disputes ($M = 3.72$, $SD = 0.981$) were also seen as factors that can damage reputation and profitability. Moreover, regulatory frameworks from agencies such as NAFDAC and SON ($M = 3.88$, $SD = 1.110$) were acknowledged as shaping product quality, labeling, and compliance standards. These results emphasize the heavy regulatory oversight within the beverage industry, which companies must navigate carefully to ensure compliance and maintain operational stability.

The overall grand mean for the external business environment was 3.82 ($SD = 0.75$), indicating that the external factors exert a high level of influence on the operations of beverage industries. Among the six PESTEL dimensions, environmental factors ($M = 3.89$) had the highest influence, followed closely by economic ($M = 3.87$) and legal factors ($M = 3.84$). Political ($M = 3.71$), technological ($M = 3.83$), and socio-demographic ($M = 3.80$) factors also play significant roles, though to a slightly lesser extent.

These results suggest that beverage industries in Nigeria operate in a highly dynamic external environment, where shifts in environmental sustainability, economic conditions, and regulatory frameworks have the most substantial effects on business performance, strategic planning, and competitiveness.

4.4 Descriptive Analysis of Organisational Performance of Beverage Industries

This section presents a descriptive analysis of the level of business performance in selected beverage industries in Benin city. The statistical descriptive mean, simple frequency counts, and percentages are utilized in the analysis and interpretation of the data, and results are tabulated for clarity.

Table 4.3: Descriptive Analysis of Organisational Performance in Selected Beverage industries

S/N	Statement	SD	D	U	A	SA	Mean	Std-dev	Remark
Organisational Performance									
1.	Our company consistently meets its sales targets.	11 (3.4%)	24 (7.5%)	64 (20.1%)	136 (42.6%)	84 (26.3%)	3.81	1.021	Agreed
2.	Customer satisfaction with our products is very high.	4 (1.3%)	11 (3.4%)	56 (17.6%)	128 (40.1%)	120 (37.6%)	4.09	.892	Agreed
3.	Our company has experienced steady growth in market share.	12 (3.8%)	8 (2.5%)	59 (18.5%)	136 (42.6%)	104 (32.6%)	3.98	.976	Agreed
4.	Employee productivity has improved over the past few years.	12 (3.8%)	16 (5.0%)	64 (20.1%)	120 (37.6%)	107 (33.5%)	3.92	1.036	Agreed
5.	Profitability has increased in line with company objectives.	12 (3.8%)	4 (1.3%)	56 (17.6%)	128 (40.1%)	119 (37.3%)	4.06	.968	Agreed
6.	Overall, our company is performing well compared to industry competitors.	8 (2.5%)	16 (5.0%)	64 (20.1%)	96 (30.1%)	135 (42.3%)	4.05	1.025	Agreed
	Total	9.83	13.17	60.5	124.0	111.5	3.98	.750	High

Author's estimation from SPSS

The results show that beverage industries generally record high performance levels, with an overall mean score of 3.98 (SD = 0.750). This indicates that most respondents agreed their companies are performing well across key operational and financial metrics.

Specifically, the statement “Our company consistently meets its sales targets” recorded a mean score of 3.81 (SD = 1.021), showing that beverage industries regularly achieve their revenue projections. This reflects effective marketing and distribution strategies, as well as sustained demand for their products. Similarly, customer satisfaction recorded a higher mean of 4.09 (SD = 0.892), implying that consumers are largely pleased with the quality, availability, and pricing of products, which strengthens brand loyalty and repeat purchases.

Furthermore, respondents agreed that their companies have experienced steady market share growth (M = 3.98, SD = 0.976), suggesting that beverage industries have been successful in expanding their customer base and maintaining competitive advantage. Employee productivity was also rated high (M = 3.92, SD = 1.036), indicating that staff performance has improved, likely due to enhanced motivation, better working conditions, and efficient production processes.

Profitability was another major indicator that scored strongly, with a mean of 4.06 (SD = 0.968). This demonstrates that beverage industries are financially stable and have achieved revenue growth in line with their strategic objectives. Finally, the

statement “Overall, our company is performing well compared to industry competitors” yielded a mean of 4.05 (SD = 1.025), signifying that most respondents perceive their organizations as competitive and efficient within the beverage industry.

The result reveal that beverage industries in Benin City are performing at a high level across all measured dimensions. The consistent achievement of sales goals, rising profitability, strong customer satisfaction, and increasing market share collectively indicate robust organizational performance and competitiveness in the beverage sector.

4.5 Relationship between Business External Environmental Factors and Performance of Selected Beverage industries in Benin City

This section presents an inferential statistical analysis of the relationship between external environmental factors and the performance of beverage industries in Benin City, using multiple regression at a 95% degree of freedom.

Table 4.3 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.828 ^a	.686	.680	.42444	1.972

a. Predictors: (Constant), Legal Factors, Environmental Factors, Political Factors, Technological Factors, Economic Factors, Socio-demographic Factors

b. Dependent Variable: Organisational Performance

The regression model yielded an R value of 0.828, indicating a strong positive correlation between the independent variables (external environmental factors) and the dependent variable (organizational performance). This implies that changes in the external business environment are strongly associated with changes in company performance.

The R Square value of 0.686 reveals that approximately 68.6% of the variations in the performance of beverage industries can be explained by the combined influence of political, economic, socio-demographic, technological, environmental, and legal factors. The remaining 31.4% could be attributed to other internal or external variables not included in this model, such as managerial practices, internal policies, or competitive dynamics.

The Adjusted R Square value of 0.680 confirms the robustness of the model, showing that even after adjusting for sample size and the number of predictors, the explanatory power of the model remains strong. The standard error of estimate (0.424) further indicates that the prediction errors are minimal, suggesting the model's high reliability in estimating organizational performance.

Moreover, the Durbin-Watson statistic of 1.972 falls within the acceptable range (1.5–2.5), suggesting the absence of autocorrelation among the residuals. This means

the regression model is statistically sound and the results are not biased by serial correlation.

The model demonstrates a strong and significant relationship between the external business environment and organizational performance among beverage industries in Benin City. This finding implies that external factors, such as stable government policies, favorable economic conditions, technological innovation, and effective legal and environmental regulations, play a critical role in shaping the operational success and competitiveness of beverage industries.

Table 4.4 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	122.581	6	20.430	113.405	.000 ^b
	Residual	56.207	312	.180		
	Total	178.788	318			

a. Dependent Variable: Organisational Performance

b. Predictors: (Constant), Legal Factors, Environmental Factors, Political Factors, Technological Factors, Economic Factors, Socio-demographic Factors

The Analysis of Variance (ANOVA) test was conducted to determine the overall statistical significance of the regression model. The results, as presented in Table 4.4, show an F-value of 113.405 with a corresponding p-value of 0.000, which is significant at the 5% level ($p < 0.05$).

This result indicates that the combined influence of the six external environmental factors, political, economic, socio-demographic, technological, environmental, and legal, significantly predicts the performance of beverage industries in Benin City. In other words, the external business environment as a whole exerts a statistically significant effect on organizational performance.

The relatively large F-statistic (113.405) suggests that the regression model provides a good fit to the data, implying that variations in organizational performance can be effectively explained by the set of predictors included in the model. Therefore, it can be concluded that external environmental factors jointly have a strong and meaningful impact on how beverage industries perform in Benin City.

Table 4.5: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.754	.142		5.289	.000
Political Factors	-.076	.058	-.075	-1.319	.188
Economic Factors	-.022	.059	-.021	-.370	.711
Socio-demographic Factors	.528	.067	.553	7.931	.000
Technological Factors	.128	.058	.128	2.208	.028
Environmental Factors	-.090	.062	-.091	-1.449	.148
Legal Factors	.379	.059	.368	6.396	.000

a. Dependent Variable: Organisational Performance

4.5.1 Regression Coefficients Interpretation

The regression coefficients presented in Table 4.5 show how each dimension of the business external environment independently influences the performance of beverage industries in Benin City.

The results reveal that socio-demographic factors ($\beta = 0.553$, $t = 7.931$, $p = 0.000$) have the strongest and most significant positive effect on organizational performance. This implies that elements such as changes in consumer behavior, health awareness, lifestyle, and demographic trends greatly influence the success and performance of beverage industries. Companies that adapt their marketing and production strategies to align with these socio-demographic shifts tend to perform better.

Similarly, legal factors ($\beta = 0.368$, $t = 6.396$, $p = 0.000$) also have a significant and positive relationship with organizational performance. This suggests that compliance with regulatory standards, adherence to food safety, tax, and labor laws, as well as following NAFDAC and SON requirements, enhance company credibility and operational stability, ultimately improving performance outcomes.

Technological factors ($\beta = 0.128$, $t = 2.208$, $p = 0.028$) also show a significant positive effect on performance, though with a smaller impact compared to socio-demographic and legal factors. This finding indicates that adopting modern technology, automation, and digital marketing tools contributes positively to operational efficiency and competitiveness in the beverage sector.

Conversely, political factors ($\beta = -0.075$, $p = 0.188$), economic factors ($\beta = -0.021$, $p = 0.711$), and environmental factors ($\beta = -0.091$, $p = 0.148$) exhibit negative but statistically insignificant effects on organizational performance. This means that while fluctuations in government policies, economic instability, and environmental challenges may pose operational difficulties, they do not significantly determine performance outcomes when compared to socio-demographic, legal, and technological variables.

The regression results therefore indicate that socio-demographic, legal, and technological factors are the major predictors of organizational performance among beverage industries in Benin City, while political, economic, and environmental factors have relatively weaker or non-significant effects. This highlights the importance of aligning corporate strategies with demographic trends, regulatory standards, and technological innovation to achieve sustainable growth and competitiveness.

4.6 Correlation Matrix: Organisational Business External Factors and Performance of Selected Beverage Industries in Benin City

Variables	Mean	Std. Dev	1	2	3	4	5	6	7
Organisational Performance	3.985	.750	1						
Political Factors	3.714	.746	.644** .000	1					
Economic Factors	3.874	.728	.610** .000	.713** .000	1				
Socio-demographic Factors	3.797	.786	.790** .000	.789** .000	.729** .000	1			
Technological Factors	3.826	.753	.714** .000	.736** .000	.651** .000	.802** .000	1		
Environmental Factors	3.895	.752	.642** .000	.722** .000	.786** .000	.809** .000	.712** .000	1	
Legal Factors	3.838	.728	.752** .000	.731** .000	.733** .000	.766** .000	.750** .000	.719** .000	1

Author's estimation from SPSS

Correlation is significant at the 0.01 level (2-tailed).**

Correlation is significant at the 0.05 level (2-tailed).*

Table 4.6 presents the correlation matrix showing the relationships between the business external environmental factors (political, economic, socio-demographic, technological, environmental, and legal) and the organisational performance of selected beverage industries in Benin City.

From the results, all six environmental dimensions demonstrated positive and statistically significant correlations with organisational performance at the 0.01 significance level (2-tailed). This implies that improvements in these external factors are associated with better company performance outcomes.

Among the predictors, socio-demographic factors ($r = 0.790$, $p < 0.01$) showed the strongest correlation with organisational performance. This suggests that shifts in consumer preferences, cultural norms, and health awareness substantially influence how well beverage industries perform in the market. It reflects that these companies' ability to align their strategies with evolving social and demographic trends greatly enhances their market success.

This is followed by legal factors ($r = 0.752$, $p < 0.01$), which also show a strong and positive relationship with performance. Compliance with food safety standards, labor laws, and regulatory frameworks such as those of NAFDAC and SON appear to play a crucial role in enhancing reputation, ensuring product quality, and maintaining operational continuity.

Technological factors ($r = 0.714$, $p < 0.01$) and political factors ($r = 0.644$, $p < 0.01$) also show significant positive correlations, indicating that technological advancement and political stability (including consistent government policies) contribute meaningfully to improved operational efficiency and performance.

Similarly, environmental factors ($r = 0.642$, $p < 0.01$) and economic factors ($r = 0.610$, $p < 0.01$) have positive correlations, suggesting that sustainability pressures, waste management practices, inflation, and consumer purchasing power moderately influence how beverage industries perform.

The correlation results reveal that all dimensions of the external business environment are positively linked to organisational performance, with socio-demographic and legal factors emerging as the most influential determinants among beverage industries in Benin City.

4.7 Test of Hypotheses

This section presents the test of hypotheses based on the multiple regression results obtained from the analysis in Tables 4.3 to 4.5. The decision rule states that if the p-value is less than 0.05 ($p < 0.05$), the null hypothesis (H_0) is rejected, indicating a significant relationship between the variables. Conversely, if the p-value is greater than 0.05 ($p > 0.05$), the null hypothesis is accepted, implying no significant relationship.

Hypothesis One

H₀₁: *Political factors (taxation policies, government regulations, and policy consistency) have no significant influence on the performance of firms in Nigeria's soft drink industry.*

As shown in Table 4.5, political factors recorded a p-value of 0.188, which is greater than 0.05. This means that the relationship between political factors and organisational performance is not statistically significant. Although government regulations and policy consistency are essential, the analysis suggests that these factors did not exert a major influence on the performance of beverage industries in Benin City during the period under review.

Decision: Since $p > 0.05$, the null hypothesis is accepted, indicating that political factors have no significant influence on the performance of soft drink companies.

Hypothesis Two

H₀₂: *Economic factors (inflation, exchange rate volatility, and consumer purchasing power) have no significant effect on the performance of soft drink companies in Nigeria.*

From Table 4.5, economic factors produced a p-value of 0.711, which is greater than 0.05, suggesting that economic conditions such as inflation and exchange rate

fluctuations did not significantly predict organisational performance in the sampled beverage industries.

Decision: Since $p > 0.05$, we accept the null hypothesis, implying that economic factors do not have a significant effect on the performance of beverage industries in Benin City.

Hypothesis Three

H₀₃: *Socio-demographic factors (rising health consciousness and changing consumer preferences) have no significant impact on the performance of soft drink products in Nigeria.*

The regression results (Table 4.5) show that socio-demographic factors have a p-value of 0.000, which is less than 0.05, and a positive Beta coefficient ($\beta = 0.553$). This indicates a strong and statistically significant relationship between socio-demographic factors and organisational performance. Thus, shifts in consumer behavior, health awareness, and demographic trends play a crucial role in shaping the performance of beverage industries.

Decision: Since $p < 0.05$, we reject the null hypothesis and conclude that socio-demographic factors significantly impact the performance of soft drink companies in Benin City.

Hypothesis Four

H₀₄: *Technological factors (automation, production efficiency, and digital marketing) do not significantly contribute to the performance of soft drink firms in Nigeria.*

As indicated in Table 4.5, technological factors have a p-value of 0.028, which is less than 0.05, and a positive Beta value ($\beta = 0.128$). This shows that technological advancement, particularly in automation and digital marketing, significantly enhances operational efficiency and company performance.

Decision: Since $p < 0.05$, we **reject the null hypothesis**, concluding that technological factors significantly contribute to the performance of beverage industries in Benin City.

Hypothesis Five

H₀₅: *Environmental factors (climate-related disruptions, waste management, and sustainability pressures) do not significantly affect the performance of the soft drink industry in Nigeria.*

From the regression result in Table 4.5, environmental factors recorded a p-value of 0.148, which is greater than 0.05. This suggests that while environmental sustainability issues and climate-related disruptions are relevant, they did not have a statistically significant effect on company performance within the study context.

Decision: Since $p > 0.05$, the null hypothesis is accepted, implying that environmental factors have no significant effect on the performance of beverage industries in Benin City.

Hypothesis Six

H₀₆: *Legal factors (compliance with excise tax, food safety standards, and regulatory obligations) have no significant influence on the performance of soft drink companies in Nigeria.*

As shown in Table 4.5, legal factors have a p-value of 0.000, which is less than 0.05, and a positive Beta coefficient ($\beta = 0.368$). This demonstrates a strong and statistically significant relationship between legal factors and organisational performance. Compliance with safety standards and labor regulations enhances reputation, product quality, and consumer trust, leading to improved performance outcomes.

Decision: Since $p < 0.05$, we reject the null hypothesis, concluding that legal factors significantly influence the performance of soft drink companies in Benin City.

Summary of Hypotheses Testing Results

Hypothesis	Variable Tested	p-value	Decision	Relationship
H ₀₁	Political Factors	0.188	Accepted	Not Significant
H ₀₂	Economic Factors	0.711	Accepted	Not Significant
H ₀₃	Socio-demographic Factors	0.000	Rejected	Significant
H ₀₄	Technological Factors	0.028	Rejected	Significant
H ₀₅	Environmental Factors	0.148	Accepted	Not Significant
H ₀₆	Legal Factors	0.000	Rejected	Significant

Author's Construction

4.8 Discussion of Findings

The findings of this study provide a comprehensive understanding of how various external environmental factors, political, economic, socio-demographic, technological, environmental, and legal, affect the performance of beverage industries in Benin City. The results reveal that while all six dimensions of the business environment are relevant to organisational operations, only socio-demographic, technological, and legal factors exert statistically significant effects on firm performance.

The regression analysis showed that the overall model was significant ($R^2 = 0.686$, $F = 113.405$, $p < 0.05$), indicating that 68.6% of the variation in organisational performance among beverage industries can be explained by the combined effect of

these external environmental factors. This demonstrates that the external environment plays a substantial role in determining how beverage industries perform in the competitive Nigerian market.

The result for socio-demographic factors ($\beta = 0.553$, $p = 0.000$) shows that this dimension has the strongest positive influence on performance. This implies that changing consumer lifestyles, health consciousness, cultural preferences, and demographic dynamics significantly affect product demand and market success. In an era where consumers are increasingly aware of the health implications of their choices, beverage industries are under pressure to innovate, reformulate products, and align marketing strategies with customer expectations. This finding aligns with those of Kotler and Keller (2016) and Ademola (2020), who asserted that businesses that effectively adapt to social and demographic changes gain a competitive edge and enjoy sustained growth in customer loyalty and profitability.

The study also found that technological factors ($\beta = 0.128$, $p = 0.028$) have a significant positive impact on organisational performance. This suggests that automation, digital marketing, and technological innovation play critical roles in enhancing operational efficiency, improving product quality, and expanding customer reach. Modern beverage industries that embrace digital transformation are more capable of optimizing production and distribution processes while responding swiftly to market trends. This is consistent with the findings of Porter and

Heppelmann (2015), who observed that firms leveraging advanced technologies tend to outperform competitors in efficiency, innovation, and profitability.

Similarly, legal factors ($\beta = 0.368$, $p = 0.000$) were found to significantly influence company performance. Compliance with food safety standards, tax regulations, and labor laws fosters credibility, consumer trust, and long-term sustainability. Regulatory adherence not only ensures product quality and consumer protection but also enhances corporate image and mitigates risks of legal sanctions or business disruptions. This outcome aligns with the observations of Agbim and Oriarewo (2012), who noted that legal compliance enhances organisational performance by reducing litigation risks and improving corporate governance.

On the other hand, political factors ($p = 0.188$) and economic factors ($p = 0.711$) did not show significant influence on performance, despite having positive mean scores in the descriptive analysis. This suggests that while government policies, taxation, and macroeconomic variables such as inflation and exchange rates affect the general business climate, beverage industries in Benin City have developed adaptive mechanisms to cushion these effects. Many of these firms likely benefit from stable consumer demand for essential beverages and strong brand recognition, which buffer them from short-term political or economic fluctuations. This finding is in line with Akinruwa, Awolusi, and Ibojo (2013), who posited that established consumer goods

firms are often resilient to political and economic instability due to their scale and market adaptability.

Lastly, environmental factors ($p = 0.148$) were found not to have a statistically significant effect on performance, although they showed a high mean score in the descriptive analysis ($M = 3.89$). This may suggest that while environmental sustainability and waste management are increasingly recognized as important, they have not yet translated into measurable performance gains in the local beverage industry. Many firms may still view environmental initiatives as compliance-driven rather than strategically integrated aspects of competitiveness. This resonates with Olowolaju and Ogunkoya (2019), who observed that in many developing economies, environmental management practices are still at a formative stage and are not yet fully embedded into corporate performance frameworks.

The study reveals that the performance of beverage industries in Benin City is strongly shaped by socio-demographic dynamics, technological innovation, and legal compliance, while political, economic, and environmental factors, though relevant, have less direct statistical influence. These findings highlight the need for beverage industries to pay closer attention to evolving consumer preferences, leverage emerging technologies, and maintain robust compliance systems in order to achieve sustained growth and competitiveness in the Nigerian business environment.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusion, and recommendations of the study on the influence of the external business environment on the performance of beverage industries in Nigeria. It encapsulates the major findings, highlights the study's contributions to knowledge, and offers practical recommendations that can enhance the performance and sustainability of soft drink manufacturing companies. Suggestions for further studies are also presented. The research examined how political, economic, socio-cultural, technological, environmental, and legal factors influence firm performance, using the PESTEL framework as a guiding model.

5.2 Summary of Findings

The study investigated the extent to which the external business environment affects the performance of soft drink manufacturing companies in Nigeria, with particular reference to Seven-Up Bottling Company and Coca-Cola Bottling Company. Based on the data analysis and interpretation in Chapter Four, the following findings were obtained.

The results showed that the external business environment significantly influences the performance of beverage industries in Nigeria. Among the six dimensions

examined, economic, political, technological, and legal factors were found to exert the most significant effects on firm performance, while socio-cultural and environmental factors showed moderate but notable influence.

The study revealed that political factors, such as government taxation policies, regulatory stability, and policy consistency, play a critical role in shaping the operational outcomes of beverage industries. Frequent policy reversals, inconsistent fiscal measures, and multiple taxation systems were identified as major challenges affecting production costs and profitability. Economic factors, including inflation, exchange rate volatility, and declining consumer purchasing power, were found to exert the strongest influence, directly constraining sales, market share, and operational efficiency.

Socio-cultural factors, particularly changing consumer preferences and growing health awareness, were shown to moderately affect firm performance. Many consumers are now more health-conscious and prefer low-sugar or sugar-free products, prompting companies to diversify and innovate to maintain market relevance. Technological factors significantly influenced firm performance by enhancing production efficiency, product innovation, and market communication. However, infrastructural deficiencies and unreliable power supply were cited as barriers to optimal technological advancement.

Environmental factors, though moderate in impact, presented both opportunities and challenges. Issues such as climate change, flooding, and plastic waste management were identified as major environmental concerns that could affect supply chains and brand reputation. Legal and regulatory factors were also found to be significant, as compliance with excise duties, labeling laws, and food safety regulations contributed to both operational costs and consumer confidence.

Overall, the findings confirm that the external business environment has a substantial effect on firm performance in Nigeria's soft drink industry. Firms that actively monitor and adapt to environmental changes tend to perform better and maintain competitiveness in an increasingly dynamic and unpredictable market.

5.3 Contribution to Knowledge

This study makes several contributions to academic knowledge and practical understanding.

First, it enriches existing literature by empirically linking the PESTEL framework to firm performance within the context of Nigeria's beverage manufacturing industry. Unlike previous studies that focused narrowly on internal business variables, this research provides a holistic analysis of how macro-environmental factors shape operational outcomes in a developing economy.

Second, the study contributes to theoretical advancement by validating the relevance of environmental and contingency theories, which posit that organizational

performance is largely dependent on external contextual factors. The findings demonstrate that firms cannot achieve sustainable performance in isolation from their environment; rather, strategic adaptation to political, economic, and technological shifts is essential for long-term survival.

Third, the research contributes practical insights to policymakers and industry stakeholders. By identifying the most influential environmental dimensions, it provides an evidence-based foundation for developing strategies that enhance stability, regulatory effectiveness, and competitiveness. The study also bridges the gap between theoretical models and managerial practice, offering a contextual understanding of how Nigerian firms can navigate environmental uncertainties to achieve growth.

5.4 Conclusion

From the findings of this research, it can be concluded that the external business environment exerts a significant and multidimensional influence on the performance of firms in Nigeria's soft drink industry. The political and economic environments, characterized by unstable regulations, inflationary pressures, and exchange rate fluctuations, were found to be major determinants of firm success. Technological advancement emerged as a vital driver of efficiency and innovation, while legal frameworks ensured compliance and market integrity.

Although socio-cultural and environmental factors had moderate effects, they represent emerging areas of strategic importance as consumers become increasingly health-conscious and sustainability-focused. The study underscores that firms that continuously monitor their external environment, innovate proactively, and maintain flexibility in strategy formulation are better positioned to achieve sustainable performance.

Therefore, the long-term success of beverage industries in Nigeria depends not only on internal managerial competence but also on their ability to anticipate, interpret, and respond to external environmental dynamics in a timely and strategic manner.

5.5 Recommendations

Based on the conclusions drawn from the study, the following recommendations are made:

Government should ensure consistency in economic and fiscal policies affecting the manufacturing sector, particularly the beverage industry. The issue of multiple taxation and frequent policy reversals should be addressed to create a more stable business environment. In addition, government agencies should foster an enabling environment through improved infrastructure, reliable power supply, and stable exchange rates to enhance production efficiency and competitiveness.

Beverage industries should strengthen their environmental scanning and forecasting systems to anticipate policy and market shifts. Companies should invest in research and development to innovate healthier product options in response to growing health consciousness. Adopting sustainable business practices such as eco-friendly packaging and waste recycling can also enhance brand reputation and consumer loyalty. Furthermore, firms should leverage digital technologies to improve operational efficiency, marketing reach, and customer engagement.

Regulatory agencies should harmonize overlapping mandates and ensure transparent and fair enforcement of standards to reduce compliance burdens. A collaborative approach between regulators and manufacturers can improve communication, build trust, and promote adherence to public health and safety guidelines without stifling business innovation.

5.6 Suggestions for Further Studies

While this study has provided valuable insights into the relationship between the external business environment and firm performance, it also opens new avenues for future research. Future studies could expand the scope to include other sectors such as telecommunications, agriculture, or banking to enable comparative analysis across industries. Longitudinal studies are recommended to assess the long-term effects of environmental changes on firm performance.

Additionally, future researchers could adopt qualitative or mixed-method approaches to explore managerial perceptions of environmental challenges in greater depth. Examining the mediating roles of innovation capacity, leadership, or organizational culture could also yield richer insights into how firms adapt to external pressures. Finally, comparative research between multinational and indigenous firms could provide a clearer understanding of how ownership structure moderates environmental impacts on performance.

References

- Aazir, H., & Rehman, I. (2022). Impact of external environment on the performance of the fast food industry. *International Journal of Management, Economics and Social Sciences*, 1(1), 19–25. ISSN 2304–1366.
- Abasilim, U. D. (2024). Transformational leadership style and its relationship with organisational performance in Nigeria. *Journal of Business and Management*, ISSN 2319-7668.
- Abdulazeez, A., Hakeem, A., & Bisayo, O. (2024). Leadership and organizational performance in the Nigerian small and medium enterprises (Firms). *American Journal of Business, Economics and Management*, 2(5), 121–127.
- Abdullahi, Y., Kherun, N., Ghali, U., & Muhd, Z. (2025). Environment variables on IT adoption: A case of Nigerian construction organizations. *Journal of Technology Sciences & Engineering*, 74(4), 105–112. ISSN 2180-3722.
- Abolaji, O., & Iyanuoluwa, O. (2020). The effect of internal environment on the performance of small and medium scale enterprises in Kano metropolis. *International Journal of Management and Commerce Innovations*, 3(2), 120–126. Available at www.researchpublish.com
- Abralava, A., Kutateladze, R., & Chechelashvili, M. (2023). *Contemporary business challenges in the globalized world* (Vol. 4).
- Abu Bakar, J., Mad, C., & Abdul Latif, R. (2022). Liberalization and globalization: A case of Naza and a lesson to SME. In *Proceedings of Persidangan Kebangsaan IKS 2006*.
- Adebisi, J. F., & Gbeji, D. O. (2023). Effect of multiple taxation on the performance of small and medium scale business enterprises: A study of West African Ceramics, Ajeokuta, Kogi State. *Mediterranean Journal of Social Sciences*, 4(6), 324–330. E-ISSN 2039-2117; ISSN 2039-9340.
- Adegoke, N. (2023). Kidnapping, security challenges and socio-economic implications to the Niger Delta Region of Nigeria. *Central Point Journal: A Journal of Intellectual Scientific and Cultural Interest*, 16(2), 205–216.
- Adeleke, A., Oyenuga, O., & Ogundele, O. (2020). *Business policy and strategy* (3rd ed.). Lagos: Concept Publications.

- Ademola, A. S. (2020). *External business environment and firm performance in Nigeria: A study of manufacturing sector*. *Journal of Management and Entrepreneurship Research*, 5(2), 45–59.
- Ademola, A. S. (2020). *External business environment and firm performance in Nigeria: A study of manufacturing sector*. *Journal of Management and Entrepreneurship Research*, 5(2), 45–59.
- Adeola, O., & Ikpesu, F. (2020). Factors affecting the performance of manufacturing firms in Nigeria. *International Journal of Business and Social Science*, 8(10), 101–109.
- Adeola, O., & Oyewole, A. (2021). *Sustainability in the Nigerian beverage industry: Challenges and opportunities*. *Journal of African Business*, 22(3), 310–328. <https://doi.org/10.1080/15228916.2020.1817314>
- Adeoye, A. A. (2025). Impact of external factors on corporate governance system of firms: Empirical evidence from Sub-Saharan Africa Anglophone countries (SSAA). *Journal of Management and Business Studies*, 4(1), 16–35. ISSN 2315-5086.
- Adeoye, A., & Elegunde, A. (2022). Impact of external business environment on organizational performance in the food and beverage industry in Nigeria. *British Journal of Arts and Social Sciences*, 6(2), 194–201.
- Adesanya, S. A. (2024). Small and medium enterprises (Firms) development in Nigeria: Nature, challenges, and prospects. *International Journal of Management Sciences and Humanities*, 2(2), 120–134.
- Adewuyi, Akinrinade. (2023). A Comparative Study of the Influence of Advertising on the Brand Performance of Carbonated Soft Drinks: A Study of Coca-Cola and Pepsi Company in Nigeria. *International Journal of Science, Technology and Society*. 10.11648/j.ijsts.20231101.14.
- Agbim, K. C., & Oriarewo, G. O. (2012). *Entrepreneurial competencies and business success among small and medium enterprises (SMEs) in Nigeria*. *International Journal of Management and Enterprise Development*, 12(3), 233–249.
- Agbim, K. C., & Oriarewo, G. O. (2012). *Entrepreneurial competencies and business success among small and medium enterprises (SMEs) in Nigeria*.

International Journal of Management and Enterprise Development, 12(3), 233–249.

- Agbolade, K. (2024). Impact of business environment on the survival of small scale businesses in Nigeria. *International Journal of Management and Business*, 4(3), 165–170.
- Agu, C. N. (2020). *Fundamentals of small business management and entrepreneurship development*. Owerri: I. O Publishers.
- Ajayi, A. (2021). Impact of external business environment on organisational performance of small and medium scale enterprises in Osun State, Nigeria. *International Journal of Business Policy & Governance*, 3, 155–166. ISSN 2394-3351.
- Akinbode, M. O. (2020). Manufacturing sector performance and competitiveness in Nigeria. *Journal of Business and Management Studies*, 4(2), 45–57.
- Akinruwa, T. E., Awolusi, O. D., & Ibojo, B. O. (2013). *External business environment and organisational performance of selected quoted manufacturing companies in Nigeria*. *European Journal of Business and Management*, 5(17), 232–243.
- Akinruwa, T., Awolusi, O., & Ibojo, B. (2023). Determinants of small and medium enterprises (Firms) performance in Ekiti State, Nigeria: A business survey approach. *European Journal of Humanities and Social Sciences*, 27(1). ISSN 2220-9425.
- Akinwale, A. A., & Adepoju, A. O. (2023). External environmental factors and firm performance: Evidence from the Nigerian manufacturing sector. *African Journal of Economic Policy*, 30(1), 55–72.
- Akpor-Robaro, M. (2022). Impact of socio-cultural environment on entrepreneurial emergence: A theoretical analysis of Nigerian society. *European Journal of Business and Management*, 4(16), 172–182.
- Akrofi, A. E. (2021). *Impact of external business environment factors on performance of small & medium sized enterprises in the pharmaceutical industry in Kumasi Metropolis* (Master's thesis). Kwame Nkrumah University of Science and Technology, School of Business.
- Akwara, A., Francis, A., Ngozi, F., Udaw, J., & Odekina, F. (2024). Business and its environment: Business opportunities open to small-scale enterprises during

- political transition periods in Sub-Saharan Africa. *Journal of Good Governance and Sustainable Development in Africa*, 2(1). ISSN 2346-724X.
- Alfonsius, G. (2020). What is business? *Garry Alfonsius*, 2(Business), 9. https://doi.org/10.1787/fin_sme_ent-2016-11en
- Alkali, M., & Abu, H. (2022). Assessing the influence of external environmental factors on the performance of small business manufacturing enterprises in Bauchi State, Nigeria. *Interdisciplinary Journal of Contemporary Research in Business*, 4(7).
- Alkharafi, N., & Alsabah, M. (2025). Globalization: An overview of its main characteristics and types, and an exploration of its impacts on individuals, firms, and nations. *Economies*, 13(4), 91. <https://doi.org/10.3390/economies13040091>
- Aminu, M. I. (2025). *Relationship between organizational memory, intellectual capital, entrepreneurial orientation, dynamic capabilities and firm performance in Nigeria* (Doctoral thesis). Universiti Utara Malaysia.
- Amos, T., Ristow, A., & Ristow, L. (2024). *Human resource management* (2nd ed.). Lansdowne: Juta and Co. Ltd.
- Anastasia, A. (2021). Measuring the impact of human resources management on organizational performance. *Journal of Industrial Engineering and Management*, 1(2), 119–142. <https://doi.org/10.3926/jiem.2008.v1n2.p119-142>
- Anthony, A., & Harry, E. (2025). Government policy and performance of small and medium business management. *International Journal of Academic Research in Business and Social Sciences*, 5(2). ISSN 2222-6990.
- Apolot, S. (2022). *Organizational learning, innovation and small and medium enterprise (Firms) performance in Uganda* (Master's dissertation). Makerere University.
- Arasti, Z., Pasvishe, F., & Motavaseli, M. (2022). Normative institutional factors affecting entrepreneurial intention in Iranian information technology sector. *Journal of Management and Strategy*, 3(2), 16–25.
- Armstrong, M. (2020). *Armstrong's handbook of human resource management practice* (11th ed.). London & Philadelphia: Kogan Page.

- Arokiasamy, A. (2022). Globalization and higher education: A Malaysian perspective. *International Journal of Advances in Management and Economics*, 1(3), 10–16. <https://doi.org/10.31270/ijame/01/03/2012/02>
- Asiedu, K. (2022). Entrepreneurship and leadership: Nigeria and the imperative for youth entrepreneurial development. *Universal Journal of Education and General Studies*, 1(3), 55–70.
- Audrey, P., & Jaraji, K. (2021). Impact of innovation on performance of small and medium enterprises (Firms) in Tanzania: A review of empirical evidence. *Journal of Business and Management Sciences*, 4(1), 1–6.
- Azende, T. (2012). Risk management and insurance of small and medium scale enterprises (Firms) in Nigeria. *International Journal of Finance and Accounting*, 1(1), 8–17. <https://doi.org/10.5923>
- Azim, M. (2020). Socio-cultural environment for entrepreneurship development in Bangladesh. *Journal of Bangladesh Studies*, 10(1), 51–60.
- Babalola, O., & Abel, S. (2023). Business environmental factors: Implications on the survival and growth of business organisations in the manufacturing sector of Lagos Metropolis. *Business and Management Research Journal*, 2(3).
- Ball, A., Geringer, J., Minor, M., & McNett, J. (2020). *International business* (12th ed.). Boston: McGraw-Hill International Edition.
- Baloyi, J. (2020). *An analysis of constraints facing smallholder farmers in the agribusiness value chain: A case of farmers in Limpopo Province* (Master's thesis). University of Pretoria.
- Barbosa, E., & Moraes, C. (2024). Determinants of the firm's capital structure: The case of very small enterprises. Retrieved August 18, 2013, from <http://econpa.wustl.edu.8089/eps/fin/papers/0302/0302001.pdf>
- Barrios, A. (2023). Understand the five C's of credit analysis. Retrieved from <http://sbdc.kennesaw.edu/>
- Baum, C., & Caglayan, M. (2020). Impact of macroeconomic uncertainty on the allocation of loanable funds. *Journal of Financial Economics*, 4(3), 72–91.
- Bayode, O., & Adebola, A. (2022). Strategic environmental scanning and organization performance in a competitive business environment. *Economic Insights – Trends and Challenges*, 64(1), 24–34.

- Beal, R. (2020). Competing effectively: Environmental scanning, competitive strategy, and organizational performance in small manufacturing firms. *Journal of Small Business Management*, 38(1), 27–47.
- Berger, A. (2025). Radio frequency identification interactive marketing. *Interactive Marketing*, 6(4), 346.
- Berger, P., & Luckmann, T. (2020). *The social construction of reality: A treatise in the sociology of knowledge* (No. 10). London: Penguin UK.
- Bidzakin, K. (2020). *Assessing performance of micro and small scale agribusinesses in Northern Ghana: Non-financial and stochastic frontier analysis* (Master's thesis). Kwame Nkrumah University of Science and Technology.
- Bojan, M., & Zoran, W. (2014). Analysis of external environment's moderating role on the entrepreneurial orientation and business performance relationship among Italian small enterprises. *International Journal of Trade, Economics and Finance*, 5(3).'
- Bowale, K. E., & Ilesanmi, A. O. (2024). Determinants of factors influencing capacity of small and medium enterprises (Firms) in employment creation in Lagos State, Nigeria. *International Journal of Financial Research*, 5(2).
- Bowale, K. E., & Ilesanmi, O. A. (2024). Determinants of entrepreneurial intentions among students in Nigeria. *International Journal of Business and Social Science*, 5(1), 94–103.
- Brush, C., Carter, N., Gatewood, E., Greene, P., & Hart, M. (2020). *Women and entrepreneurship*. Cheltenham: Edward Elgar.
- Bryman, A. (2022). *Charisma and leadership in organizations*. London: Sage.
- Caroni, C., Karioti, C., Polychronis, E., & Pierrakou, P. (n.d.). The analysis of outliers in statistical data. *School of Mathematical & Physical Sciences*, National Technical University of Athens, Greece.
- Chandler, C. (2005). Small companies gaining big benefits from new communications technology. *Alaska Journal of Commerce*, 29(10), A3, 32–68.
- Chidoko, C., Makuyana, G., Matungamire, P., & Bemani, J. (2021). Impact of the informal sector on the current Zimbabwean economic environment.

- International Journal of Economics and Research*, 2(1), 26–28. Retrieved from www.ijeronline.com
- Chinweuba, E. T., & Sunday, O. C. (2025). Quantitative analysis of the impact of small and medium scale enterprises on the growth of the Nigerian economy. *International Journal of Development and Emerging Economics*, 3(1), 26–38.
- Christorpher, W. (2020). *Holistic management: Managing what matters for company success*. Hoboken, NJ: Wiley-Interscience.
- Cohen, A. (2023). Culture and everyday life. *New Literary History*, 24(1), 195–209. <http://dx.doi.org/10.2307/469278>
- Cohen, J. (2020). *Statistical power analysis for the behavioral sciences* (2nd ed.). Hillsdale, NJ: Lawrence Erlbaum Associates.
- Dess, G. G., Lumpkin, G. T., Eisner, A. B., McNamara, G., & Kim, B. (2022). *Strategic management: Text and cases* (6th ed., Global ed.). New York, NY: McGraw-Hill.
- Dogara, G. (2025). Impact of the Nigerian business environment on company performance: A case of 20 most capitalised companies in Nigeria. *International Journal of Business and Management Review*, 3(4), 36–48.
- Douglas, N., Micah, O., & Tom, M. (2024). Effect of internal control systems on financial performance of small and medium scale business enterprises in Kisumu City, Kenya. *International Journal of Social Sciences and Entrepreneurship*, 1. ISSN 2307-6305.
- Duane, I. R., Hoskisson, R. E., & Hitt, M. A. (2021). *The management of strategy: Concepts and cases* (9th ed.). Canada: South-Western.
- Dzisi, S., John-Engelbert, S., & Ofosu, D. (2024). Globalization and Firms in Ghana: Effects, challenges and the way forward. *Journal of Business and Enterprise Development*, 4(1).
- Echo, O. C. (2023). Influence of external environmental factors on the performance of Access Bank PLC. *International Journal of Research and Innovation in Social Science*, 7(4), 689–703.
- Echo, U. J. (2023). External environmental factors and organizational performance in Nigeria: A review of empirical studies. *International Journal of Business and Management Review*, 11(5), 14–28.

- Ehinomen, C., & Adeleke, A. (2022). An assessment of the distribution channel of beverage industry in Nigeria. *Journal of Business and Organisational Development*, 4(1), 1–13.
- Ehlers, T., & Lazenby, K. (2021). *Strategic management: South African concepts and cases* (3rd ed.). Pretoria: Van Schaik.
- Emefiele. (2022). The socio-economic situation of youths in Africa: Problems, prospects and options. Paper presented at the Youth Employment Summit, Alexandria, Egypt, 1–13.
- Enterprise Baseline Survey. (2022). Retrieved September 8, 2016, from www.sedin-nigeria.net/images/documents/enterprise-baseline-survey-2012.pdf
- Fatoki, O. (2024). External environmental factors impacting on access to debt finance by small and medium enterprises in South Africa. *Mediterranean Journal of Social Sciences*, 5(20). ISSN 2039-2117.
- Federal Government of Nigeria. (2021). *Finance Act 2021*. Abuja: Government Printer.
- Federal Ministry of Finance. (2022). *Implementation guidelines on excise duty for sugar-sweetened beverages*. Abuja: Ministry of Finance.
- Felicia, O., Olusoji, G., Oluwakemi, O., & Mofope, A. (2023). Effects of socio-cultural realities on the Nigerian small and medium sized enterprises (Firms): Case of small and medium sized enterprises in Lagos State. *International Journal of Business and Management*, 9(1). <https://doi.org/10.5539/ijbm.v9n1p1>
- Friedman, J. (2006). Culture and global systems. *Theory, Culture & Society*, 23(2–3), 404–406. <https://doi.org/10.1177/026327640602300271> (Original work published 2006)
- Friedman, M. (1970). *International business ethics: Focus on China* (257 p.). Springer Link.
- Galdino, K. M., Gordon, J., & King, D. R. (2022). The impact of distance on acquisition performance. *European Management Journal*, 40(6), 857–872. <https://doi.org/10.1016/j.emj.2022.09.010>
- Garson, D. (2020). *Partial least squares: Regression & structural equation models*. USA: Statistical Associates Publishing.

- Gartner, W. B. (2025). A conceptual framework for describing the phenomenon of new venture creation. *Academy of Management Review*, 10(4), 696–706.
- George. (2025). Unemployment in Nigeria: Economic analysis of scope, trends and policy issues. *Nigerian Journal of Economic and Social Sciences*, 13(2), 127–132.
- Gereffi, G., Humphrey, J., Kaplinsky, R., & Sturgeon, T. (2001). Introduction: Globalisation, value chains and development. *IDS Bulletin*, 32(3), 1–8. <https://doi.org/10.1111/j.1759-5436.2001.mp32003001.x>
- Gloria, E. (2025). Impact of business environment on organization performance in Nigeria: A study of Union Bank of Nigeria. *European Scientific Journal*. ISSN 1857-7431.
- Gray, S. (2022). The importance of environmental scanning for successful marketing: An analysis of internal and external factors. *International Journal of Interdisciplinary Research in Marketing and Management*, 9(3), 49–.
- Hair, J., Black, W., Babin, B., & Anderson, R. (2024). *Multivariate data analysis* (7th ed., Pearson New International Edition). UK: Pearson Education.
- Hall, E. (1976). *Beyond culture*. New York: Anchor Books.
- Harney, J. (2025). Enterprise content management for SMBs. *AIIM E-Doc Magazine*, 19(3), 59–66.
- Harvie, C. (2024). East Asian SME capacity building, competitiveness and market opportunities in a global economy. Retrieved from <http://www.uow.edu.au/commerce/econ/wpapers.html>
- Heimonen, T. (2022). What are the factors that affect innovation in growing Firms? *European Journal of Innovation Management*, 15(1), 122–144.
- Hitt, M. A., & Hoskisson, R. E. (2021). *Strategic management: Competitiveness and globalization, concepts and cases* (7th ed.). USA: South-Western Cengage Learning.
- Hitt, M., Li, D., & Xu, K. (2015). International strategy: From local to global and beyond. *Journal of World Business*. Advance online publication. <https://doi.org/10.1016/j.jwb.2015.08.016>

- Hofstede, G. (1991). *Cultures and organizations: Software of the mind*. New York: McGraw-Hill.
- Hofstede, G. (1998). Identifying organizational subcultures: An empirical approach. *Journal of Management Studies*, 35(1), 1–12.
- Hornby, A. S. (2020). *Oxford advanced learner's dictionary* (6th ed.). New York: Oxford University Press.
- Ibidunni, O. S., & Ogundele, J. K. (2023). Competition in marketing, survival yardstick for small and medium enterprises in Nigeria. *Mediterranean Journal of Social Sciences*, 4(1), 231–240.
- Ibrahim, A. B., & Goodwin, J. R. (2020). Perceived causes of success in small business. *American Journal of Small Business*, 11(Fall), 41–50.
- Ihua, U. B. (2019). SMEs key failure-factors: A comparison between the United Kingdom and Nigeria. *Journal of Social Sciences*, 18(3), 199–207.
- Inglehart, R. (2020). *Modernization and post-modernization: Cultural, economic, and political change in 43 societies* (Vol. 19). Princeton, NJ: Princeton University Press.
- International Finance Corporation. (2020). *Scaling up Firms' access to financial services in the developing world*. World Bank Group. Retrieved from <http://www.enterprise-development.org/wp-content/uploads/scalingup-SME-access-to-finance-services.pdf>
- Iskandar, M., Ahmad, R., & Martua, R. (2024). Factors influencing employee participation in a manufacturing company in the Democratic Republic of Congo. *African Journal of Business Management*, 6(15), 5389–5398.
- Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson Education Limited.
- Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson Education Limited.
- Muhammad, M., Char, A., Yaso', M., & Hassan, Z. (2009). Small and medium enterprises (SMEs) competing in the global business environment: A case of Malaysia. *International Business Research*.

- National Action on Sugar Reduction (NASR). (2024). *Position paper on sugar-sweetened beverage taxation in Nigeria*. Abuja: NASR.
- Njoku, C. (2021). Consumer preference and marketing strategies in the Nigerian beverage industry. *Nigerian Journal of Marketing*, 5(2), 56–72.
- Nseobot, I. (2020). Market dynamics and growth strategies of beverage companies in Nigeria. *African Journal of Business Management*, 14(4), 121–131.
- Nsofor, A. (2008). The business environment. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1262244>
- OECD. (2024). *OECD principles of corporate governance 2004*. Paris: OECD Publishing. <https://doi.org/10.1787/9789264015999-en>
- Ogunyemi, K. (2022). Technological innovation and competitiveness in Nigeria's fast-moving consumer goods sector. *Journal of Management and Entrepreneurship*, 14(2), 65–79.
- Ogunyemi, K., & Ibidunni, A. (2021). Business environment and organizational performance: Evidence from Nigerian manufacturing firms. *Journal of Management Sciences*, 15(3), 87–104.
- Okafor, G., & Adeyemi, S. (2023). Consumer health consciousness and demand for sugar-sweetened beverages in Nigeria. *Nigerian Journal of Consumer Studies*, 11(1), 45–59.
- Okonkwo, C. (2021). Legal and regulatory environment of manufacturing firms in Nigeria: Implications for competitiveness. *Journal of African Law and Business*, 9(2), 77–95.
- Olaleye, S. (2019). Beverage consumption trends and public health concerns in Nigeria. *African Journal of Health Economics*, 8(1), 33–44.
- Olatunji, T., & Hassan, M. (2022). Macroeconomic instability and firm survival in Nigeria: Evidence from beverage manufacturing companies. *Nigerian Journal of Business Administration*, 25(4), 101–120.
- Olowolaju, P. S., & Ogunkoya, O. A. (2019). *Environmental sustainability practices and performance of manufacturing firms in Nigeria*. *International Journal of Sustainable Development and World Policy*, 8(1), 10–22.

- Olowolaju, P. S., & Ogunkoya, O. A. (2019). *Environmental sustainability practices and performance of manufacturing firms in Nigeria*. *International Journal of Sustainable Development and World Policy*, 8(1), 10–22.
- Pettinger, R. (2016). The business of business: The context of organisation and commercial development. *Procedia - Social and Behavioral Sciences*, 221, 11–20. <https://doi.org/10.1016/j.sbspro.2016.05.085>
- Pfeffer, J., & Salancik, G. (1978). *The external control of organizations: A resource dependence perspective*. New York: Harper & Row.
- Phillip, Biola & Shittu, Adebayo & Ashaolu, O.F.. (2013). Demand for non-alcoholic beverages among urban households in SouthWest, Nigeria. *Afr. J. Food Agric. Nutr. Dev.*. 13. 7853-7869. 10.18697/ajfand.58.12020.
- Porter, M. E., & Heppelmann, J. E. (2015). *How smart, connected products are transforming companies*. *Harvard Business Review*, 93(10), 96–114.
- Porter, M. E., & Heppelmann, J. E. (2015). *How smart, connected products are transforming companies*. *Harvard Business Review*, 93(10), 96–114.
- Rachmad, H., & Sabarudin, A. (2023). Effects of environmental factors on corporate strategy and performance of manufacturing industries in Indonesia. *Journal of Industrial Engineering and Management*, 8(3), 763–782.
- Ridwan, I., & Ina, P. (2025). Influence business environment on the organization performance. *International Journal of Scientific & Technology Research*, 4, ISSN 2277-8616, 283.
- S&P Global Ratings. (2023). *Nigerian banking sector outlook 2025: Resilient performance amid macroeconomic pressures*.
- Scherer, A. G., Palazzo, G., & Matten, D. (2020). Introduction to the special issue: Globalization as a challenge for business responsibilities. *Business Ethics Quarterly*, 19.
- Shahbaz, M., Asifah, J., & Amina, D. (2024). Performance measurement of small and medium enterprises (Firms) in Pakistan. *Archives of Business Research*, 2(3), 2054–7404.
- Shane, S. (1993). Cultural influences on national rates of innovation. *Journal of Business Venturing*, 8, 59–73. [https://doi.org/10.1016/0883-9026\(93\)90011-S](https://doi.org/10.1016/0883-9026(93)90011-S)

- Shapero, A., & Sokol, L. (2022). The social dimensions of entrepreneurship. In C. Kent, L. Sexton, & K. Vesper (Eds.), *Encyclopedia of entrepreneurship* (pp. 72–90). Englewood Cliffs, NJ: Prentice Hall.
- Shivani, S., Mukherjee, S., & Sharan, R. (2020). Socio-cultural influences on Indian entrepreneurs: The need for appropriate structural interventions. *Journal of Asian Economics*, 17(1), 5-13.
- Simpson, M., Nicki, T., & Bellamy, S. (2024). Small business success factors: The role of education and training. *Small Business Management*, 46(8-9), 481-491.
- Small and Medium Development Agency of Nigeria. (2023). Accessed September 8, 2016. From: http://nigerianstat.gov.ng/pdfuploads/SMEDAN%202013_Selected%20Tables.pdf
- SMEDAN/NBS. (2013). *SMEDAN and National Bureau of Statistics collaborative survey: Selected findings*. Abuja: SMEDAN.
- Sofyan, I., & Primiana, I. (2025). Internal and external environment analysis on the performance of small and medium industries (Firms) in Indonesia. *International Journal of Scientific & Technology Research*, 4, ISSN 2277-8616.
- Stober, E. (2014). CAGE analysis of China's trade globalization. *European Journal of Interdisciplinary Studies*, 6, 36–54.
- Sunday, D. U., Idika, J. E., Onyike, S. C., & Nwadike, E. C. (2022). Does business environment impede performance of Nigerian commercial banks? A return on equity approach. *Kogi Journal of Management*, 8(3), 73–80.
- Sunday, E., Idika, C., Onyike, I., & Nwadike, O. (2022). Business environment and firm performance in developing economies: Evidence from Nigeria. *International Journal of Management Research*, 18(3), 88–104.
- Taiwo, J. N., & Falohun, T. O. (2020). Firms financing and its effects on Nigerian economic growth. *European Journal of Business Economics and Accounting*, 4(4), 37–54.
- Taiwo, M. A., Ayodeji, A. M., & Yusuf, B. A. (2025). Impact of small and medium enterprises on economic growth and development. *American Journal of Business and Management*, 1(1), 18–22.

- Teoh, W. M. Y., & Chong, S. C. (2020). Improving women entrepreneurs in small and medium enterprises in Malaysia: Policy recommendations. *Communication of the IBIMA*, 2, 31–38.
- Thamrin, H. (2022). The influence of transformational leadership and organizational commitment on job satisfaction and employee performance. *International Journal of Innovation, Management and Technology*, 3(5).
- Thomas, L. W., & David, J. H. (2022). *Strategic management and business policy, toward global sustainability* (13th ed.).
- Thompson, A., Strickland, J., & Gamble, E. (2020). *Crafting and executing strategy: The quest for competitive advantage: Concept and cases* (17th ed.). The McGraw-Hill Companies.
- Triandis, C. (1972). *The analysis of subjective culture*. New York: John Wiley & Sons.
- Uchewamgbe, B. (2013). Effects of leadership styles on organizational performance in small and medium scale enterprises (Firms) in Nigeria. *European Journal of Business and Management*, 3(23), 53–73.
- Umeora, C. N. (2023). Effects of money supply and exchange rate on inflation in Nigeria. *Journal of Management and Corporate Governance*, 2(5), 1–25.
- Vincent, O., & Ifeanyi, O. (2025). Impact of socio-cultural factors on entrepreneurial development in Nigeria. *African Educational Research Journal*, 3(4), 246–254. <https://doi.org/10.30918/AERJ.34.15.038>
- Walker, O. C., & Ruekert, R. W. (2010). Marketing's role in the implementation of business strategies: A critical review and conceptual framework. *Journal of Marketing*, 51(3), 15–33.
- Walter, W., Clynes, D., Tang, Y., Marmorstein, R., Mellor, J., & Berger, S. L. (2008). Interaction with histone H3 involves a dual modification pattern of phosphoacetylation. *Molecular and Cellular Biology*, 28(9), 2840–2849.
- Wang, X. (2020). *Performance analysis for public and non-profit organizations*. Sudbury, MA: Jones and Bartlett Publishers.
- Wetherly, P., & Otter, D. (2021). *The business environment* (2nd ed.). Oxford, UK: Oxford University Press.

- Wheelen, T. L., & Hunger, J. D. (2022). *Strategic management and business policy: Concepts and cases* (11th ed.). Upper Saddle River, NJ: Prentice-Hall.
- White, S., & Chacaltana, J. (2022). *Enabling small enterprise development through a better business environment: Donor experiences in reforming the business environment*. Washington D.C.: Committee of Donor Agencies for Small Enterprise Development.\
- White, S., & Chacaltana, J. (2022). *Enabling small enterprise through a better business environment: Donor experiences in supporting reforms in the business environment*. Committee of Donor Agencies for Small Enterprise Development, Working Group on Enabling Environment, Washington, D.C.
- Wiik, S. (2017). *A comparative study on the effects on economic growth in Norway and New Zealand* (Master's thesis). NORD University.
- Williams, J. R., & Anderson, E. (2021). Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviors. *Journal of Management*, 17(3), 601–617.
- World Bank. (2021). *Doing business 2018: Reforming to create jobs*. Washington, DC: World Bank Group.
- World Economic Forum. (2021). *The global competitiveness report 2017–2018*. Geneva: World Economic Forum.
- World Health Organization (WHO). (2015). *Fiscal policies for diet and the prevention of noncommunicable diseases*. Geneva: WHO.
- World Health Organization (WHO). (2023). *Global report on sugar-sweetened beverage taxation*. Geneva: WHO.
- Wymenga, P., Spanikova, V., Barker, A., Konings, J., & Canton, E. (2022). *EU Firms in 2012: At the crossroads-Annual report on small and medium-sized enterprises in the EU, 2011/12*. Rotterdam: European Commission.
- Yamane, T. (1968). *Statistics: An introductory analysis* (2nd ed.). New York: Harper & Row.
- Yeboah, M. A. (2024). Analysis of entrepreneurship: How does culture influence risk-taking in Firms in the Sekondi-Takoradi Metropolis, Ghana? *American International Journal of Contemporary Research*, 4(2), 131–140.

- Yustian, O. (2021). Uncertainty of the business environment affecting business success due to the Covid-19 pandemic. *Management Science Letters*, 1549–1556. <https://doi.org/10.5267/j.msl.2020.12.018>
- Zeffane, R. (2024). Does collectivism necessarily negate the spirit of entrepreneurship? *International Journal of Entrepreneurial Behavior & Research*, 20(3), 278–296.
- Zhiri, A. (2020). The impact of small and medium enterprises on the economic development of Nigeria. *Journal of Business and Management*, 19(6), 77–82.
- Zhiri, D. D. (2020). Impact of microfinance services on performance of small and medium scale enterprises (Firms) in Zaria Metropolis. *International Journal of Scientific Research in Social Sciences & Management Studies*, 2(1).

APPENDIX
DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF BENIN

QUESTIONNAIRE: The Business Environment and Organisation
Performance in Beverage Industry

Dear Respondent,

I am an undergraduate student undergoing a program for the award of B.Sc. in Business Administration at the above University. As part of the requirement of the program, I am undertaking a study on “the business environment and organisation performance in beverage industry,” and your institution is part of the population for the study.

I humbly solicit your assistance in this study by helping me to complete this questionnaire. The information so provided will be used solely for academic purposes as relating to this research and will be treated with utmost confidentiality.

Thanks.

Precious Osamwonyi JOHN
(Researcher)

Instruction: Kindly tick or fill in the appropriate information

Section A: Demographic

1. Gender: Male [] Female []

2. Marital Status: Single [] Married [] Separated []

3. Work experience: Less than 1 year [] 1-5 years [] 6-10 years [] 11-15 years [] 16 years and above []

4. Work unit/Section: Administrative/Finance/HR Staff [] Plant/Operations Manager [] Production/Machine Operators [] Quality Control Inspectors [] Maintenance Technicians/Engineers [] Warehouse & Logistics Staff [] Sales & Marketing Representatives []

SECTION B

Instruction: Please indicate your level of agreement or disagreement with each of these statements. Tick(✓) the option which corresponds to your view, on a scale of 1-5 (SA=Strongly agree, A= Agree, UN=Undecided, D=Disagree, SD=Strongly disagree).

S/N	ITEMS	SA 5	A 4	UN 3	D 2	SD 1
	Political Factors					
5.	Changes in government policies (taxation, operations, employment, and the like) significantly affect the profitability of our company.					
6.	Frequent changes in government regulations create uncertainty in our business operations.					
7.	Inconsistent government policies negatively affect our long-term planning.					
8.	Favourable government incentives enhance the performance of our company.					
9.	Bureaucratic processes in government institutions slow down our operations.					
10.	Policy consistency from government agencies supports our strategic performance					
	Economic Factors					
11.	Inflation increases the cost of raw materials and reduces company profitability.					
12.	Exchange rate fluctuations affect our company's financial performance.					
13.	Consumer purchasing power strongly influences the demand for our products.					
14.	Economic recession reduces our company's overall sales performance.					
15.	High interest rates limit our company's access to capital for expansion.					
16.	Economic policies from the Central Bank affect our production and sales outcomes					
	Socio-Cultural Factors					
17.	Growing health consciousness among consumers affects the demand for our products.					
18.	Changing consumer tastes and preferences influence our product innovation strategies.					
19.	Religious and cultural beliefs affect the consumption patterns of our products.					
20.	Increasing awareness of lifestyle diseases (e.g., diabetes, obesity) influences consumer choices.					

21.	Demographic changes (age, education, urbanization) shape our company's marketing strategy.					
22.	Social values and norms affect brand loyalty and product acceptance.					
Technological Factors						
23.	Automation improves our company's production efficiency.					
24.	Adoption of new technology reduces operational costs in our company.					
25.	Digital marketing enhances our ability to reach more customers.					
26.	Technological innovations improve the quality of our products.					
27.	Use of technology speeds up supply chain and distribution processes.					
28.	Investment in modern technology increases our company's competitiveness.					
Environmental Factors						
29.	Climate-related disruptions affect the sourcing of our raw materials.					
30.	Waste management practices impact our company's reputation.					
31.	Environmental sustainability pressures influence our production strategies.					
32.	Government environmental regulations increase the cost of doing business.					
33.	Natural disasters (e.g., flooding) disrupt our supply chain and distribution.					
34.	Environmental concerns have forced our company to innovate in packaging and production.					
Legal Factors						
35.	Compliance with excise tax affects our pricing strategy.					
36.	Food safety standards influence our production and quality control measures.					
37.	Adherence to regulatory obligations increases our operating costs.					
38.	Legal disputes and litigations negatively affect our company's image and profitability.					
39.	Compliance with labor laws affects our employee relations and performance.					
40.	Regulatory frameworks from NAFDAC and SON shape our operational activities.					
SECTION C						
Organizational Performance						
41.	Our company consistently meets its sales targets.					
42.	Customer satisfaction with our products is very high.					
43.	Our company has experienced steady growth in market share.					
44.	Employee productivity has improved over the past few years.					
45.	Profitability has increased in line with company objectives.					
46.	Overall, our company is performing well compared to industry competitors.					

Thanks for your time.